15

STANDING COMMITTEE ON DEFENCE
(2006-2007)

(FOURTEENTH LOK SABHA)

MINISTRY OF DEFENCE

{Action Taken by the Government on the Recommendations contained in the 11th Report of the Committee (Fourteenth Lok Sabha) on the Demands for Grants of the Ministry of Defence for the year 2006-07}

FIFTEENTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

April 2007, Baisakha, 1928 (Saka)

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Presented to Lok Sabha on 27.04.2007

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LOK SABHA SECRETARIAT

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COMPOSITION OF THE STANDING COMMITTEE ON DEFENCE (2006-07)

Shri Balasaheb Vikhe Patil - *Chairman*

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3. Shri S. Bangarappa
4. Shri Milind Murli Deora
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2.	Shri P.K. Bhandari	-	Joint Secretary
3.	Shri Gopal Singh	-	Director
4.	Shri D.R. Shekhar	-	Deputy Secretary-II
5.	Smt. Jyochnamayi Sinha	-	Under Secretary

PREFACE

I, the Chairman, Standing Committee on Defence (2006-07) having been authorized by the Committee to submit the Report on their behalf, present this Fifteenth Report on Action Taken by the Government on the recommendations contained in the Eleventh Report of the Committee (Fourteenth Lok Sabha) on the Demands for Grants of the Ministry of Defence for the year 2006-07.

2. The Eleventh Report was presented to/laid in Lok Sabha/Rajya Sabha on 23 May, 2006. The Government furnished their replies indicating action taken on the recommendations contained in the Report. The Committee took oral evidence of the representatives of Ministry of Defence on 19 February, 2007 to have clarifications on certain issues arising out of the action taken replies. The Draft Action Taken Report was considered and adopted by the Standing Committee on Defence (2006-07) at their sitting held on 12 March, 2007.

3. An analysis of action taken by the Government on recommendations contained in the Eleventh Report of the Standing Committee on Defence (Fourteenth Lok Sabha) is given in Appendix.

4 For facility of reference and convenience, the observations/recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI;
April, 2007
Baisakha,* 1928 *(Saka)

BALASAHEB VIKHE PATIL,
Chairman,
Standing Committee on Defence.

CHAPTER – I

REPORT

1. The report of the Standing Committee on Defence deals with action taken by the Government on the recommendations/observations contained in their Eleventh Report (14th Lok Sabha) on Demands for Grants (2006-07) of the Ministry of Defence which was presented and laid in both the Houses of Parliament on 23.05.06.

2. In the Eleventh Report (14th Lok Sabha), the Committee had made 55 recommendations on the following subjects :-

1. Need to have comprehensive review of security scenario, adequate contingency plan and maintain high level preparedness.
2. Need for restructuring and modernizing the Armed Forces
3. Need to have a separate specialised force to handle internal security
4. Need to strengthen R&D in Defence Sector and Private Sector Participation
5. Need to bridge the gap between the projections and budgetary allocations
6. Need to augment the capital budget of Army
7. Need for advance planning for hundred per cent utilization of capital expenditure
8. Strict adherence to the parameters while submitting acquisition proposals
9. Financial Delegation to Service HQs
10. Defence Modernization Fund
11. Married Accommodation Project (MAP)
12. Tenth Plan and Long Term Integrated Perspective Plan
13. Eleventh Defence Plan
14. Chief of Defence Staff
15. Indian National Defence University (INDU)
16. Modernization of Army
17. Night Fighting Devices
18. Procurement of Artillery Guns at the earliest
19. Need to ensure ToT in case of procurement of Guns
20. Bullet Proof Jacket
21. MBT Arjun Tank
22. DGQA
23. Modernization of Indian Navy
24. Construction of Air Defence ship
25. Enhance the features of Air Defenceship
26. Need to augment the maritime surveillance air craft capability
27. Strengthening of Indian Navy
28. Production of radar
29. Squadron Strength of Air Force
30. Light Combat Aircraft (LCA)
31. Force multipliers in Indian Air Force
32. Adequate coverage of Radars
33. Upgradation of Aircraft
34. Upgradation of Sukhoi-30 MK1
35. Conversion of units of HAL to separate PSUs

36. Fifth Generation Fighter Aircraft
37. Procurement of multi-role helicopters
38. Modernization of missiles firing units
39. R & D expenditure
40. Delegation of in-house R&D to DPSUs and OFs
41. Fixing of target for self-reliance in Eleventh Defence Plan
42. Involvement of users at the conceptualization stage of the projects
43. Force level of coast guard
44. Need to intensify patrolling operation by Indian Coast Guard
45. Computerization of Land Record and measure taken to make the deficit cantonment self-sufficient
46. Restructuring of Defence Estate Organization
47. Separate Bill for the management of Defence Lands
48. Granting benefit of thirty-three years qualifying service to the PBOR
49. One Rank One Pension
50. Separate Pay Commission for Armed Forces Personnel
51. Ex-Servicemen Contributory Health Scheme (ECHS)
52. Dependant Pension for unmarried daughters of Ex-Servicemen
53. Allotment of available surplus land to the Armed Forces Personnel
54. Need to explore various international standard games for the participation of Indian Naval Personnel
55. Need to constitute a core group of military disaster management

3. Action Taken Replies have been received from the Government in respect of all the recommendations/observations contained in the Report. The Committee took oral evidence of the representatives of the Ministry of Defence on 19.02.2007 to have clarification on some of the issues arising out of the Action Taken Replies. The Committee have examined the Action Taken Replies received from the Ministry and the same have been categorized as follows :-

(i) Recommendations/observations which have been accepted by the Government:-
(Para No. 1.3, 1.5, 1.6, 1.22, 1.30, 1.51, 1.64, 2.7, 2.13, 3.14, 3.17, 3.21, 3.28, 4.23, 5.13, 5.22, 5.34, 5.35, 5.41, 5.46, 6.13, 6.16, 7.7, 7.10, 7.15, 7.17, 7.20, 8.14, 8.16 and 9.4)

(ii) Recommendations/observations which the Committee do not desire to pursue in view of the Government replies.
(Para No. 2.19, 4.5, 4.10, 4.12, 5.32, 5.38, 5.49, 8.11, 8.13 and 10.7)

(iii) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee.
(Para No. 1.4, 1.43, 1.55, 1.58,2.19, 2.21, 3.22, 3.40, 4.11, 4.14 & 4.15, 5.23, 6.14, 6.15 and 8.12)

(iv) Recommendations/observations in respect of which final replies of the Government are still awaited.
(Para No. 3.26, 5.12 and 8.15)

4. The Committee trust that utmost importance will be given to the implementation of the recommendations accepted by the Government. In cases, where it is not possible for any reason to implement the recommendations in letter and spirit, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that action taken notes on the recommendations/observations contained in Chapter – I and final replies to the recommendations contained in Chapter – V of the Report be furnished to them urgently and in no case later than sixth months of the presentation of the Report.

5. The Committee will now deal with the action taken by the Government on some of their recommendations as contained in Chapter – I of this Report.

Need to have comprehensive review of security scenario, adequate contingency plan and maintain high level preparedness

Recommendation (Para No. 1.3)

6. The Committee are of the view that the global security scenario has been changing drastically and with this change the concept of threat perception has also changed significantly. Today, war is not confined to conventional methods of warfare but it also encompasses a host of other threats, e.g. threat to energy, financial, economic and food security, etc., and as such there is a need to rethink our strategy for tackling the various threats to the security of the nation. The Committee also feel that a comprehensive review of the existing security advisory mechanism may be undertaken and experts from different fields like security, defence, economy and industry should also be associated with the mechanism. To face all such threats, it is imperative that we have adequate contingency plan and maintain a high level of preparedness and ability to react speedily to meet any eventuality.

7. The Ministry, in their action taken reply have stated :

> "The national security set up including the defence set up was reviewed by a Group of Ministers which submitted its report on "Reforming National Security System" in Feb 2001. The report of GOM was accepted by Government and its recommendations are in various stages of implementation.
>
> Appropriate planning is done to meet the challenges to national security and the defence forces are adequately trained and equipped to maintain high level of preparedness."

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

8. The Committee note that the national security system has been reviewed by a Group of Ministers and the recommendations contained in their report on 'Reforming National Security System' are in various stages of implementation. The Committee desire that the Ministry in consultation with the nodal agency may apprise the actual implementation status and compliance of each of the recommendations with reasons for not implementing any recommendation of GoM.

Need for restructuring and modernizing the Armed Forces

Recommendation (Para No. 1.4)

9. The Committee are aware of the rapid technological advancements and changes taking place globally in the warfare technology and feel that there is an imperative need to constitute a high level empowered Committee to examine the entire security gamut and suggest reforms including re-structuring of the Armed forces, as may be necessary to meet any eventuality in the future. The Committee note that there has been no thorough review of the structural set up of the Armed forces since independence, especially of the Army whose strength constitutes almost ninety percent of our defence forces. The need of the hour is to optimally use the available limited resources. For a country like India, there are several budgetary constraints even for the defence forces and, therefore, the fund allocated have to be utilized judiciously. The proposed Committee should be given the mandate to suggest suitable manpower restructuring by way of trimming the force size (teeth to tail ratio) with corresponding increase in the use of advanced and sophisticated technology in our Armed forces; review the authorization the peace and war establishments which are existing since the second World War. The Committee should also examine the relevance of involvement of the Defence forces in non-defence activities like military farms, stud farms and other such activities that can be outsourced. It is high time to effect substantial savings within the available Defence budget for restructuring and modernizing our forces. The entire defence budget is a Government Budget without any other source and hence the savings become all the more important.

10. The Ministry, in their action taken reply have stated :

> "The process of restructuring of armed forces is a continuous one, which is carried out by each Service Headquarters based on threat assessments. There are Standing Establishment Committees in the three Services which review the structure of various service establishments periodically and based on their recommendations the establishments are restructured from time to time. As and when there is requirement of raising of new units / establishments, the same is also considered on case to case basis. In addition the entire security system was also reviewed by a Group of Ministers, which submitted its report in Feb 2001. The recommendations of the GoM were accepted by the Government and are in various stages of implementation. Induction of advanced and sophisticated technology is also ensured in a planned manner through acquisition procedures as laid down in Defence Procurement Procedure (DPP) 2006. Proper and timely utilization of funds is also closely monitored through the institutional system put in place."

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

11. The Committee note that review of restructuring of various service establishments is being carried out by the Standing Establishment Committees in the three Services. Requirement of establishing new units is also considered on case to case basis. However, the Committee's suggestion for constitution of a high level empowered committee for restructuring of Armed Forces in order to have optimum use of limited resources and to suggest trimming the force size with corresponding increase in the use of sophisticated technology has been totally ignored by the Ministry. The Committee further note that the recommendation of the Committee to examine the relevance of involvement of the Defence Forces in non-defence activities has been left unanswered. Therefore, the Committee wish to reiterate their earlier recommendation and desire that the Ministry should give a serious thought to the recommendation in order to use the scarce resource in a well-planned manner and desire to have a detailed reply in this regard.

Need to have a separate specialised force to handle internal security

Recommendation (Para No. 1.5)

12. The Committee note that our Defence forces apart from containing threat emanating from external sources are also involved in handling various internal security operations, including terrorism. This is a different kind of operation, which requires specialized training. There has also been an increasing demand by the State Governments for military assistance for maintaining law and order in their States. The Committee feel that it is neither in the interest of the Armed forces nor desirable to deploy them for such purposes. The Committee feel that use of Armed Forces as a substitute of the state police force diverts the attention of the Army from their prime objective i.e. to safeguard our borders. The Committee therefore, are of the strong view that there should be a separate specialized force for handling such situations and the Ministry should take necessary action in this regard.

13. The Ministry, in their action taken reply have stated :

> "In the Union Government, MHA is responsible for internal security matters such as maintenance of law and order, tackling insurgency and militancy in the country. The State Police Organisations along with the Central Para Military Forces (CPMFs) are deployed in handling such situations in the States. When the magnitude of these problems is perceived to be beyond the capabilities of the Police Forces, services of Defence Forces are requisitioned in aid to Civil Authorities. When required, the Defence Forces also extend assistance to the affected States by way of providing training to Para Military Forces and State Police personnel as also in setting up training facilities.
>
> The CPOs/CPMFs under MHA are trained to handle internal security situations. CRPF in the main Central Reserve Force to supplement the resources of State Government for handling internal security. Over the years, the strength of CRPF has been augmented and it is being trained and equipped to meet the challenges. The National Security Guards is a specialised force for anti-hijacking and other special operations. Assam Rifles which is under the administrative control of MHA and operational control of the Army has been trained and equipped to handle insurgencies and militancy in the North East. Rashtriya Rifles, a force under the administrative control of MOD and operational control of Army is similarly trained and equipped for handling militancy especially in the State of J&K. In addition, the Army and other Border Guarding Forces are also deployed at times to handle internal security situation. Keeping in view, it is the considered view of the Ministry of Defence that if the CPOs/CPMFs under MHA are adequately trained and equipped with the State-of-the art equipment, they should be in a position to effectively handle the emerging internal security challenges. Therefore, there already exists a mechanism to handle such situations and there is no need to have more Special forces under MOD. However, the subject matter pertains to MHA."

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

14. The Committee are not satisfied with the replies furnished by the Ministry. The Committee had recommended to create a separate specialised force to handle various internal security operations including terrorism instead of deploying the Defence Forces for this purpose. The Committee are of the strong view that there is an imperative need to create a 'federal police' comprising of State Police Force and Central Police Force and Intelligence Agencies with full co-ordination with each other in order to handle law and order situation in the country. The Committee are of the view that this will also facilitate the Armed Forces to concentrate on their prime objective i.e. to safeguard our borders. Therefore, the Committee desire that the Ministry of Defence in consultation with the Ministry of Home Affairs must take concerted steps for creation of such separate and specialised force for handling internal security including terrorism.

Need for advance planning for hundred per cent utilization of capital expenditure

Recommendation (Para No. 1.43)

15. The Committee note with serious concern that B.E.(2005-06) of Rs.83000 crore was reduced to Rs 81700 crore in R.E.(2005-06) stage thereby showing a reduction of Rs 1300 crore. The reduction has also been made in capital budget which has been reduced from Rs. 34375 crore in BE (2005-06) to Rs. 33075 crore in RE (2005-06) even though there were enough projects with Ministry in the pipeline. In this connection, the Committee were informed by the Ministry of Finance that the reduction has been made after due consultation at the Minister's level taking into account the actual trend of expenditure during the year. Upto December 2005, the capital expenditure was only 41% of the allocation made in the BE (2005-06).

Further, the Committee were given to understand that Rs. 2646 crore was surrendered by Ministry of Defence at the end of financial year 2005-06 due to non-fructification of envisaged schemes. The Committee feel that this clearly shows the inability of the Ministry of Defence to timely plan and process the cases so as to bring them to the concluding stage during the first three quarters of the financial year so as to secure financing of projects provided in the Budget. Expressing strong displeasure, the Committee feel that there is a need for better financial planning and management in Ministry of Defence. The large scale surrender of funds at the end of the year has eroded their credibility and ability to utilise the allocated funds which are so much required for modernization/up gradation of defence forces. The Committee further observed that rush of proposal in the last month of initial year and hurried expenditure gives room for import and discourage the indigenisation. The Committee, therefore, recommend that the Ministry should analyse the whole issue and monitor the progress of Capital expenditure more closely. In this regard, the Committee wish to reiterate their recommendation made in their earlier Report that the Ministry should make advance planning in order to submit a calendar for acquisition during the year with firm commitment to the Ministry of Finance. This will facilitate optimum utilization of scarce resources allocated for 'Defence' and timely completion of schemes / projects envisaged by the Ministry of Defence to maintain highest level of Defence preparedness.

16. The Ministry, in their action taken reply have stated :

> "It is correct that BE 2005-06 has been reduced by Rs.1300 crores. But it was reduced by Ministry of Finance at the RE stage though Ministry of Defence had not indicated any surrender. It is also true that 41% of the Capital expenditure was spent till December, 2005. While Ministry of Defence were in the process of planning to spend the allocation, due to reduction at RE stage these could not be implemented.

2. The total gross surrender of Rs.2646 crores at the Modified Appropriation stage was the net result of supplementary grant of Rs.542.50 crores taken in some Grants during the year, net reduction of Rs.1300 crores at RE stage, further reduction of Rs.888.66 crores at MA stage and increase in Receipts/Recoveries of Rs.85.20 crores.

3. It has always been the endeavour of the Ministry of Defence to evenly spread the pace of expenditure in four quarters so as to avoid rush of expenditure in the last quarter. The progress of expenditure is closely monitored on monthly basis and Inter-Departmental Monitoring Groups have also been constituted in the Ministry to monitor the progress of expenditure on weekly basis in the last quarter of the financial year. Defence procurement particularly acquisition cases, follows a certain cycle and cash outflow is linked to fixed milestones (of supplies). Any slippages at the Supplier's end, which are not within the control of Ministry of Defence, lead to under utilization. The surrenders have, however, not resulted in unplanned procurement from foreign sources or had an adverse impact on the indigenisation process of the Services.

4. However, without compromising on transparency and accountabaility, the existing procedures as laid down in the Defence Procurement Procedure are reviewed from time to time so as to streamline the procurement modalities and cut down delays, which will help in avoiding surrender of funds"

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Government

17. The Committee do not agree with the replies furnished by the Ministry. The Committee note that the Ministry of Finance reduced the allocation at RE stage after due consultation with the Ministry of Defence at the highest level, after mid-term review of the progress of expenditure. It was an agreed figure. The Committee further note that 41% of the capital expenditure was spent till December 2005, inspite of close monitoring of the progress of expenditure. The Committee strongly feel that it is the sole responsibility of the Ministry of Defence to fully utilize the allocation made to them and they may not escape from the responsibility of not incurring full expenditure. Therefore, the Committee wish to reiterate their earlier recommendation and desire that the Ministry should have done an advance planning in order to ensure timely completion of all procedural formalities and optimum utilization of scarce resources.

Financial Delegation to Service HQs

Recommendation (Para No. 1.55)

18. The Committee observe that there are many procurement cases with the Services which cost less than Rs. 50 crore. The entire procurement includes categorization, acceptance of necessity, quality vetting, technical evaluation trials, contract negotiation and placement of supply order of these cases, which consumes a lot of time in getting the proposal cleared by the Ministry. The Committee are informed that the Ministry of Defence has modified the procedure for Price Negotiation Committee (PNC). They have delegated this power to the Service Headquarters in case of revenue purchase and are planning to extend this to the capital procurements also. Therefore, the Committee recommend that the Government should delegate the entire processing of cases of acquisition, both in the case of revenue and capital, upto Rs. 50 crore to the Service Headquarters and Rs. 300 crore to the Raksha Mantri as per the priorities of the Services. Appropriate financial delegation should also be given to the Defence Secretary for capital acquisition.

The Committee strongly feel that the delegation of power will reduce the work load of the Ministry of Defence, allowing them more time for processing proposals of higher cost, thereby clearing the proposals of higher cost, thereby clearing the proposals well in time and bringing improvement in the utilization of allocated funds. This will also reduce the time taken on procurement and ensure time availability of the procured items.

19. The Ministry, in their action taken reply have stated :

"Revised delegation of financial powers to various Indian Air Force authorities has been issued on 14.7.2006.

As per these powers, Air HQrs have been empowered with financial powers for procurement on the Revenue side as under :-

(a)	Import	Rs.20 crores
(b)	From indigenous sources	Rs.20 crores
(c)	From PSUs	Rs.30 crores
(d)	On PAC basis (all categories)	Rs.10 crores
(e)	On Single Tender basis (all categories)	Rs.2 crores"

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

20. The Committee are not satisfied with the reply of the Ministry of Defence as the Ministry have sent information only in case of delegation of powers to Air Force authorities and wish to reiterate their earlier recommendations to delegate the entire processing of acquisition both revenue and capital, upto Rs. 50 crore to the three Service Head Quarters and Rs. 300 crore to the Raksha Mantri as per priority of the Services and appropriate financial delegation to the Defence Secretary for capital acquisition.

Defence Modernization Fund

Recommendation (Para No. 1.58)

21. The Committee, in their earlier reports had recommended for creation of a non–lapsable Defence Modernization Fund (DMF) to streamline the Procurement Procedure and to ensure timely availability of Funds for acquisition of Defence equipment. The Committee have been informed that utility of DMF in addressing the issue of assured availability of funds would be limited since unspent funds of DMF would not be automatically available to the Ministry of Defence for utilization in subsequent financial year and the Ministry of Defence would be required to seek approval of Ministry of Finance and Parliament for its utilization.

The Committee observes that during 2005-06, there were large number of proposals in the pipeline, but since they could not be approved in time there was large surrender of funds at the end of financial year. Had all the cases in the pipeline were cleared, the Ministry would have required additional allocation. As procurement of Defence equipment requires a long lead time ranging from two to three years, the proposals which do not fructify in a financial year, normally spill over to next financial year. Therefore, the Committee strongly recommend that the Ministry of Defence as well as Ministry of Finance must reconsider the proposal for setting up of DMF at the earliest. The Committee are of the view that if the planned and assured budgetary allocations are made known to the Services, then the capital acquisition schemes and long term plan can be drawn up within the funds available with the DMF in a systematic manner as per futuristic requirements. The Committee strongly recommend that Defence Modernization Fund (DMF) should be used only for the priority projects and not for all projects.

22. The Ministry, in their action taken reply have stated :

> "The modernization of Defence Forces is an on-going process and under utilization of funds in a financial year does not result in dropping of any proposal. The process of modernization through new acquisitions, however, inherently involves long gestation periods. As intimated earlier, the creation of non-lapsable Defence Modernization Fund (DMF) has a limited utility in as much as the funds available in the DMF would not automatically be available to the Ministry of Defence for utilization in the subsequent financial year and the Ministry would be required to seek approval of the Ministry of Finance and the Parliament for its utilization. The Ministry of Finance have also issued guidelines/instructions on 7th January, 2005(copy enclosed) whereby Reserve/Corpus Funds in Government account are created when Government has surplus funds to spare on specific objects of expenditure. However, as Government is resorting to deficit financing, creation of funds out of its revenue stream or through borrowing is considered not appropriate. Funds created out of borrowings also add to fiscal deficit and become a liability of the Government. These instructions further provide that proposals for creation of funds either out

of revenue stream or out of Government borrowings will, henceforth, not be allowed. In the circumstances creation of Defence Modernization Fund may not be viable."

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

23. The Committee are not convinced with the reply furnished by the Ministry regarding the non-viability of creation of non-lapsable Defence Modernisation Fund. The Ministry in their earlier replies to Recommendation No. 1.43 on reduction of fund at RE stage have themselves stated that "while Ministry of Defence were in the process of planning to spend the allocation, due to reduction at RE stage, these could not be implemented". In view of the reduction of allocation at RE stage and non-fructification of scheme to spend the allocation as per plan envisaged and long gestation period of acquisition process, the Committee wish to reiterate their earlier recommendation for creation of a Defence Modernisation Fund. The Committee again stress that the Government's decision for not creating a non-lapsable funds created out of borrowings or revenue stream should not be made applicable for defence modernization and security of the country. Therefore, the Committee are of the view that even if the Ministry of Defence have to take approval of Finance Minister and Parliament for incurring expenditure from DMF the Government must reconsider for creating the fund as it will provide an assured amount to the Services for their modernisation and new acquisition with sufficient flexibility as per the demand of the time.

Married Accommodation Project (MAP)

Recommendation (Para No.1.64)

24. The Committee are pained to note that due to delay in finalisation of the Detailed Project Report (DPR) and other procedural matters, there has been under utilisation of allocation under Married Accommodation Project (MAP) since 2002-03. Further, there has been about 50% reduction of budgetary allocation in RE (2005-06) compared to B.E. (2005-06) under the project. As a result of such inordinate delay, the personnel of the three Services suffer a lot. The Committee are further given to understand that the Ministry has engaged major consultants from the private and public sectors to expedite the project. The Committee recommend that in addition to the above, the Ministry of Defence may involve private construction companies as it is being done in a number of mega projects. The Committee hope that the Ministry will take all corrective steps to expedite the project so that the intended benefits are accrued to the service personnel without further delay.

25. The Ministry, in their action taken reply have stated :

"The pace of expenditure for MAP work in the initial stage was slow. Physical work could begin only after the process of identifying and allocating work to Executing Agencies, formulating work procedures for the project in consultation with the Ministry of Finance, finalising of contract agreements with the Public Sector Undertakings in consultation with the Ministry of Law was complete. It also took time to appoint Engineering and Project Management Consultants and finalise the terms and conditions of their contracts, fulfil statutory requirements and obtain necessary clearances of central and state bodies.

2. The pace of expenditure has now picked up. In the Financial Year 05-06, the expenditure incurred under the project was 4.6 times the expenditure incurred in 04-05. With the majority of tenders having now been accepted, the pace of expenditure will further accelerate during Financial Year 2006-07.

3. Private construction companies, viz Gammons India Limited, Simplex Infrastructures, IVRCL, IDEB Limited, MAYTAS Limited, Ramky Constructions are already executing a number of works relating to Married Accommodation projects. There is no embargo on private construction companies to execute Married Accommodation Project. These companies have to apply through the open tendering process to pre-qualify and bid competitively.

4. Regular monitoring is being done to ensure timely completion of all on-going MAP projects, so that intended benefits relating to provision of married accommodation to the Service Personnel are provided as early as possible."

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

26. The Committee desire that a time-bound programme for completion of Married Accommodation Project (MAP) be chalked out by the Ministry with an effective and regular monitoring to ensure timely completion of all the ongoing MAP projects. The Committee would like to be apprised of the progress made by the Ministry from time to time in this regard.

Indian National Defence University (INDU)

Recommendation (Para No. 2.21)

27. The Committee note that the proposal for setting up of Indian National Defence University (INDU) has been formulated and selection of site is going on. As the matter has been long delayed, the Committee desire the Ministry to taken an early decision in this regard and start functioning at the earliest. The Committee desire that they may be apprised of the progress from time to time.

28. The Ministry, in their action taken reply have stated :

> 'The issue relating to the selection of a suitable location for establishing the Indian National Defence University (INDU) is under the active consideration of the Government. Extensive consultations on this issue are in progress, among others, with the Chiefs of Staff Committee (COSC)."

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29. The Committee are unhappy to note that inspite of the Committee's repeated recommendations, the issue relating to the selection of a suitable location for establishing the Indian National Defence University (INDU) is still under consideration of the Government. The Committee are not inclined to accept such type of reply of the Ministry of Defence. The Committee desire that the Ministry of Defence may explore the possibilities for setting up of INDU in a remote area. The Committee further desire the Ministry to expedite the matter in a time bound manner and apprise the Committee about the progress made by the Government in this regard.

Need to ensure ToT in case of procurement of Guns

Recommendation (Para No. 3.22)

30. The Committee are constrained to note that DRDO has not undertaken research work on development of 155 mm SP Gun despite the Committee's recommendation in earlier report. The Committee again recommend that DRDO should initiate research work for development of 155 mm SP Gun so that the country does not depend on foreign suppliers for this crucial equipment. The Committee further recommend that while signing the contract for procurement of Gun, Transfer of Technology (ToT) should be obtained from the exporting country.

31. The Ministry, in their action taken reply have stated :

> "In March 1994, Army issued a GSQR No. 621 for development of **155 mm GP Gun system**. In 1996, the GSQR 621 was amended and in the amended version the barrel length was mentioned as 45/52 calibre, in addition to other aspects.
>
> As an intermediate option, in February 1997, VCOAS requested Defence Research and Development Organisation (DRDO) to carry out feasibility on the integration **155 mm of T-6 and AS-90 turrets on the Main Battle Tank (MBT) Arjun derivative Chasis. T-6 (South Africa) and AC-90 (UK)** conform to GSQR 621. By June 1998 Combat Vehicle Research & Development Establishment (CVRDE) configured and fully prepared two prototypes Arjun derivative Chasis (PPS-1 and PPS-2) to integrate these turrets. In the summer months of 1998, the development cum user trials were done and only the T-6 turret was trial evaluated, as AS-90 did not participate. T-6 turret mounted on Arjun derivative Chassis was named as Bhim T-6. Again during 1999, extensive user trial were carried out on Bhim T-6 and the Army trial team recommended its induction. The issue of indent for production of **155 MM Bhim T-6** has got delayed due to suspension of all dealings on M/s Denel as per Government decision."

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32. The Committee are constrained to note that despite Army's issuing of GSQR for development of 155 mm GP Gun System in 1994, the GSQR for this gun have changed year after year by the Army itself. After integration of 155 mm of T6 variety in MBT Arjun as per Army's requirement which has been named Bhim T-6 and after its successful trial in 1999 and final decision by the Army to induct it, the issue of indent for production of 155 MM Bhim T-6 has got delayed due to suspension of all dealing with M/s Denel as per Government's decision. The Committee observe that after lapse of more than 12 years, 155 mm GP Gun has not seen the light of the day. Therefore, the Committee desire that the users should not make major changes in the GSQR time and again and the Government must avoid single vendor system and go for multi-vendor system. It must also emphasize upon ToT.

Bullet Proof Jacket

Recommendation (Para No. 3.26)

33. The Committee Note that there is a large requirement of Bullet Proof Jackets (BPJs) in the Army, which is very essential for saving the life of a soldier. The Committee are happy to note that the bullet-proof jacket made in India is at par with international standard and by the end of this Plan the country would have enough bullet-proof jackets for all the soldiers. The Committee note that crucial fibre used in making BPJ is being imported. Since the jackets are required in large number, the Committee desire that the Ministry should try to obtain ToT so that the production of fibre can be undertaken in the country itself.

34. The Ministry, in their action taken reply have stated :

> "The Ordnance Factory Board (OFB) were advised to obtain ToT so that the production of fibre, used in making Bullet Proof Jackets (BPJs), can be undertaken in the country itself. OFB have approached the Original Equipment Manufactures for ToT/Co-development/Co-production of basic fibre for hard armour plate and soft armour plate, which are the basic components of the BPJs."

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Comments of the Committee

35. The Committee observe that Ordnance Factory Board (OFB) have approached the original equipment manufactures for ToT/co-development/co-production of basic fibre used in making Bullet Proof Jacket. The Committee desire that the OFB must expedite the process in a time bound manner and apprise the Committee about the present status/progress made by the OFB in this regard.

MBT Arjun Tank

Recommendation (Para No. 3.28)

36. "The Committee are deeply concerned about the progress of Arjun Tank as its production schedule are going very slow. The Committee, as recommended in their earlier reports, desire that Ordnance Factory in coordination with DRDO should carry out suitable modifications in 'Gunners main sight' and 'Gun control system' of the Arjun Tank at the earliest and hand over the rectified Tanks to the Army 2007-08. The Committee also stress that time limit prescribed should not be further extended. The Committee also desire that accountability for delay in production of the Arjun Tank may be fixed".

37. The Ministry, in their action taken reply have stated :

> "All the technical issues in the Gunner's Main Sight and Gun Control System have been resolved. Suitable modifications have been carried out in these sub-systems on the initial five tanks of MBT Arjun by DRDO, the agency involved for conception and development of the project. After successful DRDO evaluation, five tanks have already been handed over to Army on 20th Jun 2006. Army has been invited for Joint Receipt Inspection (JRI) of Nine more tanks. The JRI is likely to commence from 1st week of February 2007. It is expected that a total of 29 MBT Arjun tanks will be ready for inspection by Army by the end of March 2007. The concern of the Committee for fixing up accountability for delays is noted. In a project of this magnitude involving design, development, manufacturing, and integration of diverse technologies, delays normally happen due to technical hitches in perfecting the technology."

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38. The Committee note that all technical issues relating to Arjun Tank have been resolved and after successful evaluation five tanks have been handed over to Army in June 2006 and 29 MBT Arjun Tanks will be ready for inspection by Army by the end of March 2007. The Committee hope that progress of Arjun Tank will go on as per schedule and in future there will not be any technical problem in operation of Arjun Tank in any form in order to avoid frequent discussion on this matter. The Committee strongly recommend that accountability may be fixed for inordinate delay in production of MBT Arjun and the Committee may be informed about the action taken in this matter.

DGQA

Recommendation (Para No. 3.40)

39. The Committee note DGQA is responsible for Quality assurance of all defence stores and equipment, both imported and indigenous for the Army, Navy(excluding naval Armaments) and common user items for the Air Force procured from all sources viz private sector, public sector undertakings and ordnance factories.

The Committee also note the shortcomings of DGQA for which it has been severely criticized by the Comptroller and Auditor General (CAG).The Committee would like the Ministry to seriously examine the CAG report and take corrective action in this regard. The Committee may be apprised of the action taken by the Government in this regard and how it proposed to restructure the DGQA in the light of the CAG report.

The Committee further note that the post of Director General(QA) has been lying vacant since 31st August, 2004 due to stay order granted by the High Court. The Committee feels that Government has not made serious efforts in this direction. Since DGQA is a key organisation headed by Director General(QA) responsible for ensuring the quality assurance of all Defence stores and equipment, the Committee desire that Ministry should clarify the position before High Court to get the stay order vacated so that post of Director General(QA) can be filled up as early as possible.

The Committee note that as per the changes made in the functioning of DGQA, the indigenisation responsibility has been transferred from DGQA to manufacturing units and service Headquarters. Also steps are being taken to progressively make the manufacturers including DPSUs, OFs and private sector responsible for quality assurance of product manufactured by them. Inspection of input material required by manufacturing units under the department and vendor development which was earlier done by DGQA has now been transferred to manufacturing units. Only the final inspection coverage and quality outputs and surveillance has remained with DGQA.

In view of the foregoing, it is seen that there has been sharp decline in responsibilities of DGQA. Moreover, there have been complaints from the users of quality of equipment that have been certified by this organisation. In this connection, the committee had expressed serious concern over revalidating of vintage mines during operation “Prakaram’ which led to large scale of casualties. The committee therefore desire that Government should seriously examine the role of DGQA with a view of disbanding the organisation. The quality assurance can be entrusted to DRDO and manufacturers. In this regard the staff of DGQA can be absorbed in other departments. This will save the country a fair amount of revenue and self certification by manufacturers will bring more accountability and responsibility in the vital area of defence preparedness.

40. The Ministry, in their action taken reply have stated :

> “The CAG performance audit on DGQA made a number of recommendations for aligning DGQA functioning with contemporary Quality Management Systems. The CAG Report is under examination of the Ministry and draft ATN is under process.
>
> The post of DGQA has since been filled up with the appointment of Lt. Gen. Rakesh Puri as Director General Quality Assurance.

As noted by the Committee, the prime responsibility of DGQA is the Quality Assurance of equipment/spares procured from OFs, DPSUs, private sector and imports. Having been intimately associated with technical activities of all equipment in Indian Army, DGQA has acquired a unique experience in its multifarious role with regard to defence equipment, in the formulation of General Staff Qualitative Requirements (GSQR), in the assessment of equipment before it is inducted into Services, in providing services during entire life span of equipment and in processing all formalities/documentation for spares management.

In addition, DGQA carries out the following functions which are exclusive responsibilities and are essential for spares management, repair and overhaul of the equipment:

- Preparation and publishing of technical manuals for services.
- Preparation and publishing of DGQA Approval based on which all actions pertaining to introduction and change of status of equipment takes place. Audit authorities also take it as a financial document.
- Preparation of Assignment Lists of equipment.
- Holding of particulars and specifications of all the equipment.
- Technical evaluation of equipment being inducted indigenously or through import.
- Laboratory facilities for testing of Arms/Ammunition Equipment.
- DGQA owns a service ammunition breakdown laboratory, which is unique and only one of its kind in India. Services are also provided to other organisations on need basis.
- Defect Investigation to identity assignable causes of premature failures and implementations of corrective measures to minimize the frequency of such premature failures.

The Committee has noted that there have been complaints from the users of quality of equipment that have been certified by DGQA. The committee has expressed serious concern over revalidating of vintage mines during operation “Prakaram’ which led to large scale of casualties. In this regard, it is submitted that shelf life of ammunition is based on the effect of time on various components of the system like explosive filling, metallic components and their deterioration due to various environmental factors. These may not be same for all components of the ammunition, and hence proof testing is carried out to ascertain whether the ammunition will function in the desired manner after extension of shelf life. Thus, functional efficiency and testing of the ammunition is ensured before extending its shelf life. In keeping with the prescribed guidelines for extension of shelf life, mines certified as ‘Serviceable’ were used during Operation PARAKARAM.

Traditionally, for strategic equipment produced by Ordnance Factories, input stage inspection was being carried out by DGQA. The responsibility has since been transferred to OFB. However, this may not be seen as a diminishing of the role of DGQA in assuring the quality of defence goods. Rather, with the transfer of input inspection to OFs and DPSUs, the focus of the role of DGQA has shifted to audit and surveillance activity. It may also be further emphasized that DGQA organisation and its working have in the recent past been the subject matter of examination by Jaffa Committee and Kelkar Committee, as also of a performance audit by CAG. In all the reports, recommendations have a common point: that is, to convert DGQA into a vibrant QA organization by adopting

modern/contemporary Quality Assurance techniques. None of the reports have suggested disbanding of DGQA.

Procurement and production of defence goods necessarily entails the need to ensure that quality standards are being met by the supplier so that the interests of the State in acquisition of defence goods are not compromised. DGQA has built up a unique expertise in this field over many decades of interface with the user, the production agencies and other suppliers. With this expertise and revamping of the organization in step with the recommendations of various Committees, it is felt that the organisation will render itself comparable to contemporary quality management organizations."

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41. The Committee are not satisfied with the reply submitted by the Governemnt on performance of DGQA. In the light of the observation made by the Committee on Defence and CAG in their report, Government must seriously examine the role of DGQA and review its working in toto and find out new mechanism for quality assurance. The Committee would also like to know the Action Taken Notes on CAG Report to be submitted by the Ministry.

Construction of Air Defence ship

Recommendation (Para No. 4.11)

42. The Committee note that project for construction of Air Defence Ship is already behind the schedule on account of non-availability of the Special quality steel and delay in procurement of bulb bars. Since these two problems have been resolved, the Committee hope that ongoing construction of Air Defence ship and induction of Aircraft carrier Admiral Gorshkov would be completed as per schedule without showing time and cost overrun.

43. The Ministry, in their action taken reply have stated :

> "The projects relating to construction of Air Defence Ship at Cochin Shipyard Limited, Cochin and Repair and Re-equipping of Aircraft carrier Admiral Gorshkov at Russia are being closely monitored by various committees including the Empowered Apex Steering Committee headed by the Defence Secretary. These committees regularly review the progress of the projects and ensure that remedial steps are taken to resolve outstanding issues. Measures to recover lost time through innovative building strategy are also being examined.
>
> When asked about the correct status of the construction of Air Defence ship at Cochin Shipyard Limited, the representatives of the Ministry of Defence during oral evidence stated :
>
> As per the ship-building procedure for all the Defence PSU yards, after the CCS Part I approval we start construction process and a year later we then firm up the costs and proceed with the serial order if it is required. This particular yard comes under the Ministry of Shipping. In this particular case, they were quite insistent on having a contract to proceed with. So, the costing they had give for Phase I which allows for the construction process would need to be done for the next three years. The CNC report has been approved by the RM on the 3rd of January. The contract is in the final stages. But I would assure that no work has stopped in the sense that there are certain consultancy studies which have to be done to build the ship and all that is going on in parallel like the propulsion system integration. It is a very major part of pre-construction activity to decide how to build the ship. That has already been negotiated with a company. Similarly for the flight deck and the aviation element, there is already a consultancy contract which is under discussion with ROE of Russia. So, you may not actually see a lot of physical construction going on but the pre-construction activity but a fair amount of work has been done. But yes we have not been able to sign the contract for some time which I think we should be able to do shortly."

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Comments of the Committee

44. The Committee observe that for construction of Air Defence ship (ADS) at Cochin Shipyard Limited in addition to undertaking certain consultancy studies to build ship, the propulsion system integration and fair amount of pre-construction work has already been done. However, the Committee are dismayed to note that the Ministry have not been able to sign the contract to proceed with the construction work. Therefore, the Committee strongly desire that Ministry must sign the contract at the earliest, so that the construction work of ADS may be started and completed as per schedule without any time and cost overrun. The Committee would also like to know the existing capability of surveillance of Navy and requirement of third Air Defence Ship of the decommissioning of virat. The Committee may be apprised of the Action Taken in this matter.

Need to augment the maritime surveillance air craft capability

Recommendation (Para No 4.14 and 4.15)

45. The Committee note that the Navy faces shortage of both short range as well as long range maritime surveillance aircraft. There is also shortage of Unmanned Aerial Vehicles (UAV) and Dornier Aircraft, being used by the Navy for coastal surveillance. The Committee also note that procurement of these aircraft is in the initial stage. It negates the very proposition of the Ministry that Navy has got adequate forces to meet any emergent requirement to safeguard maritime interests. The Committee feel that Navy is an equipment intensive Service and procurement of such critical equipment cannot be sidelined and therefore strongly stress that adequate attention should be given by the Ministry and required funds made available for procurement of these aircraft.

The Committee also feel that, keeping in view the transport of petroleum products by sea from various part of the world, the Indian Navy has a major role to play in providing security along the oil routes in the subcontinent. With an eye to the present day's environment, not only for security reasons but for economic reasons also, Navy needs to be strengthened.

46. The Ministry, in their action taken reply have stated :

"Maritime surveillance aircraft capability is being enhanced in a planned manner over the long term as mentioned in the succeeding paragraphs.

Long Range Maritime Reconnaissance (LRMR) Aircraft: Long Term Perspective Plan envisages an adequate number of LRMR Aircraft. The present holding of LRMR aircraft is 13. The long range surveillance gap is being addressed through replacement and induction of LRMR aircraft over the 10^{th} to 13^{th} Plan period.

Short Range Maritime Reconnaissance (SRMR) Aircraft: The enhancement of the short range surveillance capability is being addressed through replacement and induction of SRMR aircraft.

Unmanned Aerial Vehicle (UAV): The present holding of 12 UAVs would be further1 augmented by induction of indigenous long endurance UAVs. In addition, the Navy also plans to induct rotary UAVs deployable from ships."

"Navy's force levels are planned in the context of its designated roles, the security environment and threat perception. Growth plans of the Navy are therefore being formulated keeping in view its evolving responsibilities. In addition, the operational tasking of the ships includes monitoring of our Sea Lanes of Communication (SLOCs) and providing security along the oil routes."

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47. The Committee note that Navy is Planning to increase its maritime surveillance aircraft capability in its Long Term Integrated Perspective Plan and over the 10th to 13th Plan period. The enhancement of the short range surveillance capability is being addressed through replacement and induction of Short Range Maritime Reconnaissance (SRMR) aircraft and Unmanned Aerial Vehicle (UAV). The Committee further note that there has already been inordinate delay in the finalisation of LTIPP and the 11th Plan is also pending for the final approval of the Ministry of Finance which is to be commenced from April 2007.

The Committee take a serious note of the inordinate delay in enhancement of the short range surveillance capability and finalisation of LTIPP which may seriously affect our country's naval security in terms of surveillance and in other way due to absence of such important equipment.

Keeping in view the vital security concern involved in this matter, the Committee are of the view that Ministry must chalk out a time-bound programme for augmenting the short and long range maritime surveillance aircraft capability and adequate funds for the purpose be made available so that economic interest and the security of nation may not be compromised at any cost. Action taken may be intimated to the Committee at the earliest.

Squadron Strength of Air Force

Recommendation (Para No. 5.12)

48. The Committee note that the squadron strength of Air Force at the end of 10th, 11th and 12th Plan period will be 29, 34 and 36 respectively. The Committee also note that the peak strength attained so far by Air Force at any point of time has been 39.5, while the ideal requirement is 44 squadrons. The Committee note that induction and phasing out of Aircraft go side by side in Air Force, however, during the upcoming period 2005-17, phasing out of several ageing Aircraft, is likely to be a major concern, thereby causing substantial depletion of squadron strength in the coming Plan periods.

The Committee also note that 140 number of Su-30 MKI and 100 LCAs are expected to be available for induction during 11th and 12th Plans. The Committee, however, feel that despite this, achieving the number of 44 squadrons appears to be a distant dream. Keeping in view the present pace of phasing out and induction of aircraft, the Committee strongly recommend that the Government should accord highest priority to ensure that Squadron strength at any time must not fall below 39.5 and strive to achieve ideal requirement of 44 Squadrons.

49. The Ministry, in their action taken reply have stated :

> "With an objective to improve the depleting squadron strength of the Indian Air Force, the Government have accorded Acceptance of Necessity (AON) for 126 **Medium Multi-role Combat Aircraft** (MMRCA) for which RFP is likely to be issued shortly. Government have also accorded Acceptance of Necessity (AON) for additional 40 SU 30 MKI Aircraft to meet immediate requirement of IAF."

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Comments of the Committee

50. The Committee note that the Government with an objective to improve the depleting squadron strength of the Indian Air Force have accorded acceptance of necessity of 126 medium multi-role combat aircraft for which Request For Proposal (RFP) is likely to be issued shortly. The Committee do not approve the stereotype reply given by the Ministry and inconsistent delay in issuing RFP to improve the depleting squadron strength of Indian Air Force. Therefore, they desire that the Ministry should strictly adhere to the prescribed time limit and induct the same as per 11 & 12th Plan without further delay so as to improve and maintain the required squadron strength of Air Force. The Committee would like to be apprised of the progress made by the Ministry in this regard.

Adequate coverage of radars

Recommendation (Para No. 5.23)

51. The Committee are concerned to note that there is inadequate coverage with the existing network of radars available with Air Force, resulting in significant gaps all over the country particularly at peninsular India, thereby making it vulnerable to sudden attacks due to failure of timely detection. The Committee note that some efforts in the right direction for indigenous manufacturing of radars have been initiated by the Government. The Committee feel that radar surveillance is such an issue which can hardly be put on side track and therefore recommend that in addition to indigenous efforts for manufacturing, import options should also be taken up on priority and the Government should not hesitate to make adequate funds available for their procurement.

52. The Ministry, in their action taken reply have stated :

To provide adequate coverage of radars, following procurement cases in respect of **Low Level Transportable Radars** (LLTRs), **Medium Power Radars** (MPRs), and **Low Level Light Weight Radars** (LLLWRs) are being progressed.

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53. The Committee note that procurement of LLTR, MRR and LLLWR are being progressed. The Committee are concerned to note that due of inadequate coverage of the existing radars network available with Air Force, our country's security is facing serious threat due to failure of timely detection. Therefore, the Committee wish to reiterate their earlier recommendation and desire to expedite the action being taken in this regard and the Ministry may apprise the Committee of the progress made thereon.

Delegation of in-house R&D to DPSUs and OFs

Recommendation (Para No. 6.14)

54. The Committee are further constrained to note that only 8 to 10 percent of DRDO budget is being spent on fundamental research. As recommended by the Committee in their earlier reports, the DRDO should concentrate more on fundamental research and applied research for upgradation of weapons system should be left to the concerned manufacturing units. In this connection, the Committee again emphasis that the DPSUs and OFs should have their inhouse R&D centres so that need to approach DRDO for small up gradation could be avoided and DRDO could concentrate on critical technological.

55. The Ministry, in their action taken reply have stated :

"DRDO is mandated to design and develop weapons systems and platforms for the Armed Forces. The following pattern of expenditure is given for different categories of R&D activities:-

Type of Projects	X Plan (Percentage of total DRDO Budget)
Mission Mode (Deliverables to Armed Forces)	69%
Technology Demonstrators (Applied Research & Development for future technology)	16%
Science & Tech. Projects including enabling Research Infra-structure	15%

DRDO belives in utilizing the capabilities in academia/universities for supporting the DRDO's short term and long term programmes. It spends approximately 1.5% of its budget on basic research programmes in universities and is currently running 250 projects. Three centers of excellence have been established in universities and two more are envisaged in the XI Plan. Eighty five academic institutions are working on DRDO supported basic research programmes."

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Comments of the Committee

56. The Committee note that during the Tenth Plan, DRDO spent 69% of its total budget on mission mode, 16% on applied research and development for future technology and 15% on Science and Technology. It spends approximately 1.5% of its budget on basic research programme in Universities. However, the Committee are concerned to note that their recommendation to create in house R&D Centres in DPSUs and OFS, in order to avoid approaching DRDO even for small upgradation, and allow DRDO to concentrate on critical technologies has been totally ignored. Therefore, the Committee reiterate their earlier recommendation and desire that the Ministry may consider to delegate the power of DRDO for system/sub-system development and manufacturing activities to DPSUs and OFs and DRDO should concentrate on fundamental research only and for the purpose more funds may be allocated to DRDO. The Committee also desire that Navy's in-house R&D model should be followed by other Defence Services also. The Committee further desire to be apprised of the break up of expenditure incurred on basic research programme in Universities by the DRDO.

Fixing of target for self-reliance in Eleventh Defence Plan

Recommendation (Para No. 6.15)

57. The Committee note with deep concern that the percentage of defence expenditure on imports which was 25.95 percent in the 7th Defence Plan, has not shown improvement even after completion of another four Defence Plans and has remained the same in the i.e. 10th Defence Plan. The Committee are further surprised to note that the Ministry has not fixed any target for self-reliance for the Eleventh and subsequent Plans. The Committee desire that strategic plan be chalked out containing targets for self-reliance for the next 12 years and assessments of achievement of the target with accountability be done year wise at the highest level.

58. The Ministry, in their action taken reply have stated :

> "As far as Research and Development activities in DRDO are concerned, the area of armament self-reliance has been achieved almost totally. In the area of aeronautics and avionics this is about 60 percent. It is in the area of electronics and computer related activities that self-reliance figure is still low and around 40 percent.
>
> There is a continuous effort to achieve self-reliance in all the areas alike. Establishment of facilities like Gallenium Arsenic Enabling Technology Centre (GAETC) Hyderabad and SITAR are the effort in this direction. To give best equipments to our Armed Forces technology upgradation has to be a regular on going process and to that extent certain degree of interdependence in technology matter is likely to continue. However, DRDO is encouraging indigenous research and development activity, development of indigenous implementation of research projects and indigenous vendor development. All these effort will certainly enhance the over all self-reliance figure for the organization."

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59. The Committee are perturbed to note that even after completion of ten Defence Plans and continuous efforts to achieve self-reliance in various areas, the country could achieve 60 per cent self-reliance in the area of aeronautics and avionics and only 40 per cent in the area of electronics and computer. Therefore, the Committee desire to reiterate their earlier recommendation to chalk out a strategic Plan at the highest level for the next 12 years to achieve self-reliance in defence matters.

In this regard, the Committee strongly desire that private sector participation in defence sector must be encouraged by out sourcing particularly in the area of computer and electronics, where India is considered a pioneer in the export market.

Restructuring of Defence Estate Organization

Recommendation (Para No. 7.17)

60. The Committee observe that the proposal for restructuring of DEO is under examination of the Ministry of Defence and it is proposed to be implemented over a period of five years. The Committee hope that organizational restructuring will bring democratic reforms in the administration of DEO which include decentralization, transparency, accountability and simplification. The Committee desire that in the restructuring process, stress should be given on proper training of officers & staff of DEO. Besides, the regular training in Land & Revenue, the officers should also be imparted training in handling sensitive situation involving general public whose land/property has been taken over. The Committee hope this will enable the officers to effectively interact with the aggrieved parties / individuals showing sensitivity to their grievances. The Committee, therefore desire that the Government should take appropriate view to the matter and apprise the Committee.

61. The Ministry, in their action taken reply have stated :

> "Directorate General of Defence Estates have submitted a proposal for restructuring of Defence Estates Organisation. The proposal is being examined keeping in view the existing Government policy of optimization of staff.
>
> Directorate General of Defence Estates have also set up a training institute called National Institute of Defence Estates Management in Delhi Cantonment for imparting training to the IDES (Indian Defence Estates Service) Probationers, officers and staff of the Defence Estates Organisation and Cantonment Boards. 18 training courses have been scheduled for the year 2006-07 of which 2 have already been concluded. At the institute, training courses on Acquisition and Rehabilitation, Key issues of Public Health, Land Management and computer courses in MS Office for officers and staff of Defence Estates Organisation and Cantonment Boards are offered. Courses for senior officers include training in e-governance, Vertical Mix Programme and refresher courses."

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Comments of the Committee

62. The Committee note that the proposal for restructuring of Defence Estate Organisation is still under examination by the Ministry of Defence. However, Directorate General of Defence Estate have set up a training institute for imparting training to the IDES. The Committee desire that the Ministry should complete the proposal for examination of restructuring of DEO. The Committee feel that the dealing officer's knowledge of statutory position, rules and procedure involved in such cases is not sufficient, in addition, the Committee are of the view that specialized training be imparted to change the attitude and mind set of officers to make them positive and facilitator to maintain human relations and to assist the displaced person for their re-settlement and rehabilitation in a dignified manner. The Committee also desire that the Government may settle the pending cases related to rehabilitation and resettlement out of the court and no land should be acquired without the knowledge of the Ministry of Defence. The Committee may be apprised of the action taken in this regard.

Separate Bill on Management of Defence Lands

Recommendation (Para No. 7.20)

63. The Standing Committee on Defence (14th Lok Sabha) in their 5th Report on 'the Cantonments Bill, 2003' had recommended to amend various provisions of the Bill and bring a separate Bill on Defence lands other than the cantonment. The Committee are unhappy to note that despite their having presented the report on Bill in Parliament in May, 2005, the Government has not brought the revised Cantonment Bill in Parliament even after a lapse of one year. Out of 62 Cantonments, 61 are varied and there is an urgent need to hold elections in these cantonments, so that the elected boards as envisaged in the Bill are in place for smooth administration. The Committee, therefore, desire the Ministry of Defence to expedite the matter for placing the modified Cantonments Bill, 2003 in Parliament so that the new Cantonment Act can be enacted at an early date. The Committee further desire that a separate Bill on the management of defence land as recommended by the Committee in their above report may be brought urgently in Parliament.

64. The Ministry, in their action taken reply have stated :

The Cantonments Act, 2006 (41 of 2006) has since been notified in the Official Gazette and it has commenced with effect from 18th December, 2006.

In view of the above, the constitution of all the 62 Cantonment Boards had to be varied to meet legal requirements. Necessary steps are being taken, in accordance with the Cantonments Act, 2006 to hold election to all the Cantonment Boards. Elections will be held after completing the requisite legal/statutory formalities.

The Government has also accepted the Committee's recommendation for a separate Bill for the management of defence lands other than cantonments and a new Bill has already been drafted for the management of defence lands and military stations outside cantonments. This has been circulated to the three services to obtain their views/comments.

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Comments of the Committee

65. The Committee are happy to note that the Government has accepted the their recommendation for a separate bill for the management of Defence lands other than cantonments and military stations outside cantonments and this has been circulated to the three Services to obtain their view points. The Committee desire that the matter may be expedited in a time-bound manner and they may be apprised of the progress made in this regard.

ONE RANK ONE PENSION

Recommendation (Para No. 8.12)

66 The Committee note that long standing demand of Ex-servicemen for 'One Rank One Pension' is still pending with the Government. Despite repeated recommendations of the Committee in this regard, the same has not been implemented by the Government so far. The Committee again urge the Government to implement the long awaited 'One Rank One Pension' demand of Armed Forces at the earliest.

67. The Ministry, in their action taken reply have stated :

Ex-Servicemen have been representing for grant 'One Rank One Pension'. The matter was examined in Ministry.

The pensionary benefits of service personnel have considerably been improved after implementation of the recommendations of 5th Central Pay Commission as accepted by Government. The demand for 'One Rank One Pension' and removal of conditionality of 33 years have also been examined in detail by the Government, but while the demand for 'one rank one pension' has not been agreed to, the pensionary benefits have been further substantially improved w.e.f. 1.2.2006:-

(i) With effect from 1.1.2006, the weightage for the purpose of calculations of pension for past as well as future retirees Personnel Below Officer Rank (PBOR) of Sepoy, Naik and Havildar ranks and equivalent ranks in Navy and Air Force will be 10 years, 8 years and 6 years respectively subject to a maximum qualifying service of 30 years.

(ii) With effect from 1.1.2006, pension of pre-1.1.1996 retire PBORs would be revised with reference to the maximum pay in the revised scales of pay introduced with effect from 1.1.1996. The benefit would be given with prospective effect and no arrears will be given.

(iii) The above benefit would be only in respect of service pension including invalid pension, service element of disability pension and war injury pension.

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Comments of the Committee

68. The Committee are constrained to note that the Demand for One Rank One Pension has not been agreed to by the Government by giving plea that the pensionary benefits have been substantially improved w.e.f. 1.2.2006. Therefore, the Committee wished to reiterate their earlier recommendation and again urge upon the Government to re-consider the long standing demand of One Rank One Pension of Armed Forces.

Dependant Pension for unmarried daughters of Ex-Servicemen

Recommendation (Para No. 8.15)

69. The committee also recommend that other demands of Ex-servicemen viz. issues of dependent pension for unmarried daughters above 25 years of Ex-Servicemen; second employment guarantee/lateral induction into Central Para-Military Forces; disparity in the monetary award of disability pension of pre and post 1996 pensioners; anomaly in fixation of pension and insurance coverage to soldiers should be immediately looked into to provide relief to Ex-Servicemen.

70. The Ministry, in their action taken reply have stated :

> "The matters regarding removal of age restriction in the case of widowed/divorced daughters who are in receipt of special/liberalized family pension (dependent) and disparity in the monetary award of disability pension of pre and post 1996 pensioners are under consideration in consultation with Deptt. of Pension and Pensioner's Welfare. A Working Group examined the issue of second employment/ lateral induction of ex-servicemen in Central Paramilitary Forces but could not reach at a consensus. Army Hqrs. are now suggesting a proposal different from the first one for the consideration of the Working Group. There is no anomaly in fixation of pension and insurance coverage to soldiers."

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Comments of the Committee

71. The Committee are not satisfied with the reply of the Ministry as the important matter has been kept in abeyance. The Committee, therefore, reiterate their recommendation and desire that the Ministry should treat the widow and unmarried daughter as part of the family of the ex-servicemen and extend all medical facilities to them on humanitarian ground so as to encourage the people to join the Armed Forces.

CHAPTER – II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 1.3)

The Committee are of the view that the global security scenario has been changing drastically and with this change the concept of threat perception has also changed significantly. Today, war is not confined to conventional methods of warfare but it also encompasses a host of other threats, e.g. threat to energy, financial, economic and food security, etc., and as such there is a need to rethink our strategy for tackling the various threats to the security of the nation. The committee also feel that a comprehensive review of the existing security advisory mechanism may be undertaken and experts from different fields like security, defence, economy and industry should also be associated with the mechanism. To face all such threats, it is imperative that we have adequate contingency plan and maintain a high level of preparedness and ability to react speedily to meet any eventuality.

Reply of the Government

The national security set up including the defence set up was reviewed by a Group of Ministers which submitted its report on "Reforming National Security System" in Feb 2001. The report of GOM was accepted by Government and its recommendations are in various stages of implementation.

Appropriate planning is done to meet the challenges to national security and the defence forces are adequately trained and equipped to maintain high level of preparedness.

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Comments of the Committee

(Please see Para 8 of Chapter 1)

Recommendation (Para No. 1.5)

The Committee note that our Defence forces apart from containing threat emanating from external sources are also involved in handling various internal security operations, including terrorism. This is a different kind of operation, which requires specialized training. There has also been an increasing demand by the State Governments for military assistance for maintaining law and order in their States. The Committee feel that it is neither in the interest of the Armed forces nor desirable to deploy them for such purposes. The Committee feel that use of Armed Forces as a substitute of the state police force diverts the attention of the Army from their prime objective i.e. to safeguard our borders. The Committee therefore, are of the strong view

that there should be a separate specialized force for handling such situations and the Ministry should take necessary action in this regard.

Reply of the Government

In the Union Government, MHA is responsible for internal security matters such as maintenance of law and order, tackling insurgency and militancy in the country. The State Police Organisations along with the Central Para Military Forces (CPMFs) are deployed in handling such situations in the States. When the magnitude of these problems is perceived to be beyond the capabilities of the Police Forces, services of Defence Forces are requisitioned in aid to 'Aid to Civil Authorities'. When required, the Defence Forces also extend assistance to the affected States by way of providing training to Para Military Forces and State Police personnel as also in setting up training facilities.

The CPOs/CPMFs under MHA are trained to handle internal security situations. CRPF in the main Central Reserve Force to supplement the resources of State Government for handling internal security. Over the years, the strength of CRPF has been augmented and it is being trained and equipped to meet the challenges. The National Security Guards is a specialised force for anti-hijacking and other special operations. Assam Rifles which is under the administrative control of MHA and operational control of the Army has been trained and equipped to handle insurgencies and militancy in the North East. Rashtriya Rifles, a force under the administrative control of MOD and operational control of Army is similarly trained and equipped for handling militancy especially in the State of J&K. In addition, the Army and other Border Guarding Forces are also deployed at times to handle internal security situation. Keeping in view, it is the considered view of the Ministry of Defence that if the CPOs/CPMFs under MHA are adequately trained and equipped with the State-of-the art equipment, they should be in a position to effectively handle the emerging internal security challenges. Therefore, there already exists a mechanism to handle such situations and there is no need to have more Special forces under MOD. However, the subject matter pertains to MHA.

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Comments of the Committee

(Please see Para 14 of Chapter 1)

Recommendation (Para No. 1.6)

The Committee in their earlier reports have repeatedly emphasized on need for achieving self-reliance in defence production. The Committee again reiterate that greater thrust should be given to strengthen R&D in Defence sector on sharing basis with private sector.

Reply of the Government

DRDO is committed for achieving self-reliance is developing critical technologies for use by Armed Forces. DRDO has been involving public and private industries in development projects and programmes, wherever feasible. It has involved more than 400 private sector companies in its various projects and programmes and will continue to involve more Small and Medium Enterprises (SMEs) in new development projects. However, it must be clearly recognized that the extent of participation of the private sector in R&D depends on the human resources, infrastructure and capability and commitment created by private industry within its organization. DRDO can only support R&D in private industry to the extent that internal organizational commitment exists in such industries.

In fact, more and more R&D type of work is being outsourced directly to private industries to enhance their R&D capability. DRDO is also assisting such industries through knowledge sharing and allowing them to use special facilities available with DRDO for testing.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 1.22)

The Committee observe that despite an increase of 7.23 per cent in the BE 2006-07 against the BE 2005-06 and 8.94 per cent increase over the RE 2005-06, there is still a gap of Rs.5,183.17 crore between the projections made by the Ministry of Defence and the allocation made in the Defence Budget Estimates for the year 2006-07. The Committee note that the projections for funds flow from the Services Acquisition Plan, which are examined thoroughly in the Ministry of Defence and are based on the changing security environment and threat perception. The Committee, therefore, desire that the Government should take immediate steps to bridge the gap between the projections and budgetary allocation, so that there is no compromise on defence preparedness due to shortfall in defence acquisition programme.

Reply of the Government:

The gap between Budget allocation for the year 2006-07 and the projection made by the Ministry of Defence was Rs.5,183.17 crore. However, the entire impact was not borne by Modernization Schemes. Consequent upon this shortfall, the allocation for Capital Acquisition/Modernization schemes was reduced only to the extent of Rs.2,153 crore, with the rest of the impact being absorbed by other Capital Heads, such as Land and Works and the Revenue Heads.

Modernization of Armed Force is an on-going process and having regard to the trend of expenditure, if need for additional sums for Capital Acquisition/Modernization Schemes is felt, Ministry of Finance will be approached for supplementary grant at the appropriate time.

As a long-term measure, the entire issue of voids in defence preparedness has been examined in-depth as a part of the exercise carried out in the Ministry of Defence for finalizing the 11th Defence Plan and the projection has been made to the Ministry of Finance in July 2006.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 1.30)

The Committee note that the ratio of Revenue to Capital expenditure in Defence Budget has improved from 75:25 in 2000-01 to 58:42 in BE (2006-07). This reflects the intention of the Government to allocate higher share of Defence Budget towards modernization process capital expenditure. However, the Committee note with concern that in comparison to Air force and Navy, the percentage share of revenue expenditure of Army is on much higher side i.e. 82.07 percent in 2001-02 and 75.42 percent in 2006-07 vis-à-vis capital expenditure i.e. 17.93 percent in 2001-2002 and 24.58 percent in 2006-07. In BE (2006-07), the Capital Acquisition allocation of Army is only Rs. 6472.50 crore as against Rs. 8803.32 crore provided for Navy and Rs. 14445.01 crore for Air Force. The Committee, therefore, feel that the intention of the Ministry to allocate higher share of Defence Budget towards capital expenditure to boost modernization does not reflect in the case of Army's budget. Therefore, the Committee recommend that the Government must give serious thought to this aspect and provide higher allocation for Army's Capital Budget with a view to modernize and upgrade its weapon systems to enhance its combat capability to address the requirements of modern day warfare. The Committee further desires the Ministry should submit long term perspective plan of the services to Ministry of Finance urgently to get assurance of funds so that the modernization process is carried out in a planned and systematic manner.

Reply of the Government:

The higher percentage share of Revenue expenditure in the Army is due to greater expenditure on pay and allowances of the Army, owing to its operational commitments and consequently its large strength as compared to Navy and Air Force. Pay & Allowances being obligatory in nature have to be catered for and as such the percentage share of Revenue expenditure will, to some extent, be higher in the Army for this reason. Whereas the Navy and Air Force are Capital intensive Services, the Army is a manpower intensive Service. The cost of Aircraft, Helicopters, various air borne systems and weapons, Ships, Submarines is higher by several order of magnitude than their ground based equivalent systems. Hence it is natural that Capital expenditure of Navy and Air Force would be higher than that of the Army. Further the budgetary allocation to the three Services have to be need based and not as per fixed percentages, year after year. Notwithstanding this, the Capital budget for the Army needs to be augmented with a view to modernizing it and steps are being taken in this direction in the 11th Defence Plan.

Capability-based Defence modernization, as envisaged in the Long Term Integrated Perspective Plan (LTIPP) and the 11th Defence Plan projections now comprehensively addresses the long-term modernization requirements of the Army,

Navy and Air Force, according due priority to various projects, after detailed consultations between the respective Services and the Ministry of Defence.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 1.51)

The Committee note that a time period of 20 to 30 months is required by Ministry of Defence for clearing acquisition cases in accordance with the procedure laid down in Defence Procurement Procedure, 2005. As also recommended in their earlier reports, the Committee would like that the Ministry should give serious thought to it, and work out mechanism in consultation with concerned agencies to cut down levels and curtail the time period.

The Committee note that certain parameters have been laid down by the Ministry of Finance for submission of proposals by the Ministry of Defence so as to answer the queries prima facie to avoid cross referencing. Therefore, the Committee desire that the Ministry of Defence should strictly adhere to these parameters while sending the acquisition proposals. The Ministry of Defence, in consultation with the Ministry of Finance should work out a strategy to have a systematic improvement in clearing of the proposals. If parameters given by the Ministry of Finance are stringent, the Ministry of Defence should take up this matter with Ministry of Finance in order to cut short delays. The Committee desire that a small core group comprising of official of Ministry of Defence and Ministry of Finance should be formed for the purpose.

Reply of the Government

Ministry of Defence, in consultation with Ministry of Finance, formulated in September 2005 a detailed proforma that should accompany procurement proposals to be examined by MOF. This proforma seeks the kind of information and details that are required to examine the proposals from various angles. All procurement proposals are now sent to Ministry of Finance after providing the details according to the proforma. This approach would decrease the need for seeking additional information. The existing arrangement would be reviewed to further shorten the time required for processing the cases. Further, Defence Procurement Procedure (DPP) 2006 also gives the indicative time within which the various steps of acquisition proposals are to be completed.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 1.64)

The Committee are pained to note that due to delay in finalisation of the Detailed Project Report (DPR) and other procedural matters, there has been under utilisation of allocation under Married Accommodation Project (MAP) since 2002-03. Further, there has been about 50% reduction of budgetary allocation in RE (2005-06) compared to B.E. (2005-06) under the project. As a result of such inordinate delay, the personnel of the three Services suffer a lot. The Committee are further given to understand that the

Ministry has engaged major consultants from the private and public sectors to expedite the project. The Committee are further given to understand that the Ministry has engaged major consultants from the private and public sectors to expedite the project. The Committee recommend that in addition to the above, the Ministry of Defence may involve private construction companies as it is being done in a number of mega projects. The Committee hope that the Ministry will take all corrective steps to expedite the project so that the intended benefits are accrued to the service personnel without further delay.

Reply of the Government

The pace of expenditure for MAP work in the initial stage was slow. Physical work could begin only after the process of identifying and allocating work to Executing Agencies, formulating work procedures for the project in consultation with the Ministry of Finance, finalising of contract agreements with the Public Sector Undertakings in consultation with the Ministry of Law was complete. It also took time to appoint Engineering and Project Management Consultants and finalise the terms and conditions of their contracts, fulfil statutory requirements and obtain necessary clearances of central and state bodies.

2. The pace of expenditure has now picked up. In the Financial Year 05-06, the expenditure incurred under the project was 4.6 times the expenditure incurred in 04-05. With the majority of tenders having now been accepted, the pace of expenditure will further accelerate during Financial Year 2006-07.

3. Private construction companies, viz Gammons India Limited, Simplex Infrastructures, IVRCL, IDEB Limited, MAYTAS Limited, Ramky Constructions are already executing a number of works relating to Married Accommodation projects. There is no embargo on private construction companies to execute Married Accommodation Project. These companies have to apply through the open tendering process to pre-qualify and bid competitively.

4. Regular monitoring is being done to ensure timely completion of all on-going MAP projects, so that intended benefits relating to provision of married accommodation to the Service Personnel are provided as early as possible.

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Comments of the Committee

(Please see Para 26 of Chapter 1)

Recommendation (Para No. 2.7)

The Committee are distressed to note that the 10th Defence Plan was proposed by Ministry of Defence only in January, 2002, whereas the period of Tenth Plan was to begin from April, 2002. There has been further inordinate delay in approving the plan by Ministry of Finance as it was approved only in December, 2004. Although, the Ministry of Finance had agreed, in principle, to the latest projections made by the Ministry of Defence of Rs.4,18,101 crores for the Tenth Defence Plan (2002-2007), the

total allocation for the Plan is Rs,3,64,000 crore. Therefore, there has been a gap of Rs.54,101 crore between the indicative figure and the total allocation. The Committee are concerned to note that this gap has resulted in shortfall in some of the modernisation schemes as some acquisition proposals targeted for the 10th Plan have been postponed and spilled over to the next Plan. It appears to the Committee that due to lack of systematic planning and proper coordination with Ministry of Finance, the Ministry of Defence has not been able to push forward their planned proposals. This has let to adhocism in decision making, thereby creating a stumbling block on the path of modernisation and overall Defence preparedness.

The Committee note that acquisition of capital assets and modernisation flows from 15 year long-term Perspective Plan to 5 year Defence Plan and ultimately Annual acquisition plan. It is, therefore, noteworthy that the Ministry of Defence must formulate such Plan well in advance and get it approved by the Ministry of Finance with firm commitment of funds. The Government must evolve a better coordination between these two Ministries and work out a systematic approach to be followed in the years to come. The Committee further recommend that the mid-term review of the Defence Plan by the Ministry of Finance may be carried out in the five years Defence Plans, as it is being done in other Ministries. The Committee are of the view that Ministry of Defence should prepare a long term perspective plan for the three Services and get it approved from the Ministry of Finance so that its defence acquisition may not suffer due to lack of planning, coordination and timely availability of funds.

Reply of the Government

1. A Long Term Perspective Plan already exists in the form of LTIPP 2002-17. However, it is being revised keeping in view the likely availability of funds during the Eleventh Plan and the shift from Equipment based approach to Capability based approach, which was approved by the Defence Acquisition Council in June 2006.

2. The process of revision has already been completed by the Navy in the form of Maritime Capability Perspective Plan, which covers the period 2007-22. The other two Services are in the process of completing this exercise of updating the LTIPP from 2002-17 to 2007-22 based on the final projections for the XI Plan period from 2007-12. Once these individual plans are ready these will be integrated into one long-term perspective plan and after necessary approvals within the Ministry of Defence, it will be taken up with the Ministry of Finance for approval in principle of the overall size of the Long Term Integrated Perspective Plan covering the three Plan periods from 11th Plan to 13th Plan.

3. As per the timeframe approved by the Defence Acquisition Council, the LTIPP 2007-22 has to prepared and approved by the Defence Acquisition Council by 31st October, 2009.

4. The Eleventh Plan projections, covering the period 2007-12 have, however, already been finalized and sent to the Ministry of Finance for consideration with the approval of the Raksha Mantri. The matter is being pursued and it is expected that necessary approvals will be in place before the commencement of the Eleventh Plan. As regards the mid-term review, as suggested by the Standing Committee on Defence,

the issue will be taken up with the Ministry of Finance after the Eleventh Plan is initially approved by the Ministry of Finance.

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Recommendation (Para No. 2.13)

The Committee observe that the 11th Defence Plan is presently under examination in the Ministry of Defence and it is expected that the entire process of finalisation/submission of the Plan to the Ministry of Finance shall be completed around June, 2006. The Ministry of Finance has also assured that the Plan when received in their Ministry, will be returned to the Ministry of Defence with comments in a short period. Therefore, the Committee strongly desire that the Ministry of Defence should expedite the finalisation of the 11th Plan and send it to the Ministry of Finance at the earliest. Early finalisation of the Defence plan will give impetus to indigestion efforts. The Committee also desire that a Long-Term perspective Plan should also be got approved along-with the 11th Plan. The Committee hope that, with proper coordination with the Ministry of Finance, the Ministry of Defence would be able to get the approval of the 11th Defence Plan by the month of December, 2006.

Reply of the Government

The 11th Defence Plan projections were sent to the Ministry of Finance for consideration with the approval of Raksha Mantri in July 2006. After obtaining necessary approvals, the Plan is expected to be in place before the commencement of the first year of the 11th Plan, which covers the period 2007-12.

As regards the Long Term Integrated Perspective Plan, the position has been explained in response to Para 2.7 of this Report.

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Recommendation (Para No. 3.14)

The Committee note with concern that there is decline in share of Army in total Defence budget. During 10th Defence Plan, it has declined from 57% in the beginning of the Plan to 47% by the end of the Plan. The Committee, however, further note that revenue to capital ratio has improved from 83:17 to 75:25 since the start of 10th Plan but It is still very much on the higher side. Since there are serious limitations in curtailing revenue expenditure, the Committee desire that the Army should focus on increasing capital expenditure.

The Committee note that the Army projected a demand of Rs. 7139.50 crore for modernisation in the BE 2006-07. However, only Rs 6472.50 crore were allocated which is less than 15% of the total Army budget. The Committee note that reduced allocation will have adverse effect on acquisition of aircraft, aero-engines, heavy and medium vehicles and speedy modernisation of Rashtriya Rifles. The Committee further note that allocation of Rs. 5647 crore provided in B.E. (2005-06) for Capital acquisition (modernisation) was increased to Rs.6332 crore at the R.E. stage. This shows the

capacity of Army to absorb additional allocation of funds for modernisation. The Committee feel that Indian Army besides combating external security threats are also involved in tackling internal security problems and disaster management and therefore, should be equipped with modern armaments weapons and equipments with special attention to infantry soldiers. The Committee, therefore, recommend modernisation of Army should be undertaken vigorously on priority basis and sufficient allocation be made for the purpose.

Reply of the Government

1. In FY 2005-06, the BE allocation of Rs.5,647 Crs for Capital Modernisation was increased to Rs.6,332 Crs at RE stage, primarily to cater for certain New Schemes which fructified during the FY. As far as the Revenue expenditure is concerned, it is based on Annual Provisioning Review and cannot be curtailed. However, correct projections based on various inputs is being ensured at RE stage to obviate any over/under projection of funds.

2. There has been a steady increase in the numbers of new schemes each year as regards modernization of the Army. The modernisation is being undertaken in a phased manner and there are a number of schemes, which are on the threshold of being contracted. The demand for additional funds for New Schemes (Modernisation) would be made at RE stage, depending on the progress of New Schemes of FY 2006-07.

3. The case for Modernisation of Rashtriya Rifles battalions was initiated in Dec 2003, which included enhancement of firepower, surveillance capabilities, personnel protection and night fighting capability. Pending finalisation of scales for Rashtriya Rifles, the proposals for weapons and equipment were based on the scale as approved for Infantry to enable Rashtriya Rifles battalions to perform its primary (Counter Insurgency) and secondary (augmenting Army in conventional operations) roles.

4. The modernization of Infantry has been taken up as a major focus area with suitable provision for the entire range of modern weapons and equipments from enhanced firepower, state-of-the-art night vision capability, better surveillance capability, mobility protection, personnel protection to airborne facilities.

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Recommendation (Para No.3.17)

The Committee are constrained to note that the quality of the night fighting devices held by the Army is not fully at par with the advanced countries. The Committee observe that war winning capability of any country is determined not only on the availability of sophisticated lethal weaponry but also capability to identify and accurately strike the enemy in the dark gives the necessary edges to our force against enemy.

The Committee therefore desire that our country must be ahead from the neighbouring countries in particular in quality of night fighting devices for the security of the country.

The Committee, therefore, recommend the Government to make concerted efforts to acquire the latest state-of-art devices with Transfer of Technology (ToT) urgently so that armed forces are fully equipped with night fighting devices by the end of 10th Plan period. Simultaneously DRDO in partnership with private sector should undertake development of these sophisticated equipment so that self reliance can be attained in the vital area. The Indian manufacturer industries should be encouraged for developing the technology.

Reply of the Government

Night Fighting Devices

1. Equipping of the Army with Night Fighting Devices is a continuous process. Army had included the prioritized requirement of Night Fighting Devices in the Service Capital Acquisition Plan (SCAP) during the 10th Plan period. Following major acquisitions related to night vision devices have been done during 10th Plan: -

(a) Thermal Imaging Stand Alone Sights for Mechanized Forces.

(b) Hand Held Thermal Imaging Sights for Infantry and Rashtriya Rifles.

(c) Night Vision Sights for Sniper Rifles held by Infantry and Rashtriya Rifles.

(d) Night Vision Devices for Forward Observation Officers of Artillery and Mortar Fire Controllers of Infantry.

2. As a result, a part of the requirement has already been acquired. The other remaining planned requirement is also proposed for acquisition during the 10th Plan. Moreover, Army has identified **Night Fighting Capability as one of the top priorities for 11th Plan** and included more Night Fighting Devices in the 11th Plan SCAP.

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Recommendation (Para No. 3.21)

The Committee note that the Army need 280 Tracked and Wheeled Guns and procurement from a single vendor M/s Denel has been put on hold. Therefore, the Committee recommend that whenever the procurement of any type of weapons system is decided, Procurement Board should always have at least three vendors on the panel so that in case of any irregularities from the vendor selected, the other vendors on the panel can be considered and delay in procurement can be minimized. In the present case the committee desire that all out efforts should be made to procure the Guns at the earliest.

Reply of the Government

Defence Procurement Procedure 2006 (DPP 2006) has been implemented in September 2006 to make the procurement process transparent and efficient and to encourage a multi-vendor situation. As regards the procurement of the **Self-Propelled Guns** (Wheeled and Tracked), cases for procurement of 100 numbers of **Tracked SP guns** and 180 numbers of **Wheeled SP guns** have been re-initiated in accordance with DPP 2006, after having formulated new GSQRs separately for both **Tracked and**

Wheeled SP guns. The RFP for both the cases is currently in the process of being issued on a multi-vendor basis.

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Recommendation (Para No. 3.28)

"The Committee are deeply concerned about the progress of Arjun Tank as its production schedule are going very slow. The Committee, as recommended in their earlier reports, desire that Ordnance Factory in coordination with DRDO should carry out suitable modifications in 'Gunners main sight' and 'Gun control system' of the Arjun Tank at the earliest and hand over the rectified Tanks to the Army 2007-08. The Committee also stress that time limit prescribed should not be further extended. The Committee also desire that accountability for delay in production of the Arjun Tank may be fixed".

Reply of the Government

All the technical issues in the Gunner's Main Sight and Gun Control System have been resolved. Suitable modifications have been carried out in these sub-systems on the initial five tanks of MBT Arjun by DRDO, the agency involved for conception and development of the project. After successful DRDO evaluation, five tanks have already been handed over to Army on 20th Jun 2006. Army has been invited for Joint Receipt Inspection (JRI) of Nine more tanks. The JRI is likely to commence from 1st week of February 2007. It is expected that a total of 29 MBT Arjun tanks will be ready for inspection by Army by the end of March 2007. The concern of the Committee for fixing up accountability for delays is noted. In a project of this magnitude involving design, development, manufacturing, and integration of diverse technologies, delays normally happen due to technical hitches in perfecting the technology

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Comments of the Committee

(Please see Para 38 of Chapter 1)

Recommendation (Para No. 4.23)

The Committee are dismayed to note that some of the ships inducted in Navy are operating without radars and most of the radars fitted on ships are imported. Moreover, most of the missiles, under induction of the Armed Forces, are also imported, which is reflective of serious incapability of our indigenous R&D efforts. The Committee are further constrained to note that only one DPSU i.e. Bharat Electronics Limited (BEL) has the infrastructure and capability to design and manufacture radars. The Committee also note that L&T company has been projected as an important partner in radar development in collaboration with BEL. Also, assistance for some electronic system and important modules is being sought from other private companies. The Committee feel that involvement of private companies in the development of radar technology is a positive effort. The Committee are of the view that DRDO and private sector should intensify their R&D efforts in order to make Radars indigenously, side-by-side with purchase of Radars from foreign countries. The Committee further desire that

Government must sign agreement for procurement of radars under 'buy and make' provisions of the new procurement procedure so that dependence on foreign countries for radars can be minimized. The transferred technology and design must be shared among DRDO, Ordnance Factories, Defence PSUs and Private Sector engaged in Defence production for further modernization of existing technology and developing the new ones. This strategy will not only help the DRDO to develop their own infrastructure and technology base but will also contribute substantially to the production systems, thereby achieving cost effectiveness of the products and reducing dependence on imports in the long run.

Reply of the Government

DRDO has developed **'Revathi' 3D-Surveillance radar for Corvette Class of Ships** and order for two numbers has been received by BEL from Navy. DRDO has also developed SV 2000 Radar for Naval Air Borne application for Naval ALH and which is also configured for dornier Platform.

Private Sector PSUs should intensify R&D efforts to make radars indigenously side-by-side with purchase of radars from foreign countries.

For involvement of Defence Sector PSUs/Private industry in indigenous design and development of radar, DRDO has proposed the following programmes for such design and development in respect of **Fire Control Radar for Combat Aircraft, Low Level Transportable Radar, Medium Power Radars, 3D Tactical Control & Short Range Radars** during 11th Plan period.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 5.13)

The Committee are constrained to note that, keeping in view the ever-increasing delay in operation clearance of LCA, early induction of the same as IAF squadrons seems to be an unrealistic proposition. The Committee are given to understand by the Ministry that the order for 20 numbers of LCA had already been placed and remaining 100 LCA would be made available during the 11th and 12th Plan period. Keeping in view the slow development and repeatedly revision in the schedule of LCA, the committee recommend that Government should also explore alternate option to import the aircraft on ToT so that squadron strength at any time may not fall below the 39.5. The Committee also desire that Ministry to strive hard to intensify their efforts to achieve the authorized squadron strength during the 11th and 12th plan period.

Reply of the Government

The Government have accorded Acceptance of Necessity (AON) for 126 **Medium Multi-role Combat Aircraft** (MMRCA) for which RFP is likely to be issued shortly. The proposal envisages purchase of the initial lot of aircraft as 'buy' and the remaining number being manufactured in India under licence production with ToT. The Government are also progressing the case for procurement of additional 40 SU-30 MKI aircraft. Beside this, steps are being taken to ensure early operation clearance of LCA.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 5.22)

The Committee note the immense role of force multiplier in Indian Air Force viz. Flight Refueling Aircraft (FRA) and Airborne Warning & Control System (AWACS), which are able to enhance the capability of other weapon systems presently deployed with Air Force. The Committee note that India has not yet developed a platform for exploiting the role of FRA, thus, Transfer of Technology (ToT) has not been sought for its indigenous development. The Ministry has, however, made significant progress on the procurement of three AWACS to be fitted on IL-76 aircraft which are due to be inducted by 2009. The Committee also note that the Government has decided to develop the technology on the lines of AWACS and has, therefore, initiated the project on the development of Airborne Early Warning & Control (AEW&C) aircraft, which is likely to be developed by April 2011. The Committee, therefore, keeping in view the role of force multipliers, recommend that the efforts for the indigenous development of AEW&C aircraft should be intensified. The Ministry should also take initiatives to involve private entrepreneurs/ agencies in the design & development of critical components of the equipment under the ageis of DRDO on sharing basis.

Reply of the Government

Since the requirement of **Flight Refueling Aircraft** (FRA) was limited, it was considered appropriate to procure the same. The issue of indigenous development of capability of production of **Flight Refueling Aircraft** will depend on numbers required and viability of such indigenous projects.

It is agreed that the efforts on indigenous **Airborne Early Warning & Control** (AEW&C) system should be intensified AEW&C aircraft for a complementary role of Airborne Warning and Control System (AWACS) has been launched. A large number of system development activities have been initiated and based on initial design, some of the system/hardware have been ordered. Operational Requirement parameters have been finalized and platform choice has been firmed up based on discussions with Air HQrs. A significant role for private design and development houses, and national laboratories (other than DRDO) exists in the programme. The current AEW&C programme can lead to a variety of variants. These include early warning of land based weapon launches by the enemies, maritime surveillance etc. These are to be exploited in future programmes.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 5.34)

The Committee note that most of the aircraft viz. MiG series aircraft, Jaguar, Sukhoi-30, etc composing the combat fleet of Air Force have become old and outdated and therefore require immediate upgradation / replacement to make the Air Force squadrons vibrant, responsive and combat worthy. The Committee feel that efforts being taken by the Ministry for their upgradation are in the right direction and should go on in a routine manner, as and when required, to keep the fleet up-to-date and meet the constantly increasing challenges of Air Defence.

Reply of the Government

Upgrade of MiG-21 Bis, Jaguar (Nav WASS) and MiG-27 aircraft is expected to be completed by 2006-2007. Upgrade of Jaguar (DARIN I) and Mirage-2000 aircraft are planned during the 10th and 11th Plan periods. A contract has been concluded for the upgrade of MK I Phase I and Phase II aircraft to Phase III standards.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 5.35)

The Committee note that while entering into the negotiation for procurement of Sukhoi-30 Aircraft, upgradation of the Aircraft, as and when required, was also provided for in the contract. After the need for its upgradation was realised by the Indian Air Force, the matter was taken up with the Russian Government. The Russians, after making technical assessment of the economic feasibility of its upgradation, informed that the same could not be taken up due to three reasons viz. for accommodating the thrust vector control engine, the rear portion of the fuselage needed to be entirely changed; entire primary load structure required to be changed; and the canard which gives super maneuverability in Sukhoi-30 MKI needed to be fitted on a special structure in the fuselage. The Committee also note that this matter has been examined in consultation with the DRDO, HAL and the Air Force and thus the decision has been taken for the swap deal meaning that a certain number of Sukhoi-30 aircraft will be sent to Russia which will be replenished with MKI features. The Committee further note that, keeping in view the multi role features of the Sukhoi-30 MKI, negotiation for its procurement has been signed sunder which 50 such aircraft have been imported and further licenced production of 140 aircraft is already going on at HAL.

In view of the foregoing, the Committee feel that the Ministry should explore economic feasibility for upgradation of Sukhoi-30 aircraft and further recommend that the Ministry should continue with the ongoing production of MKI version of the aircraft which has the capability to enhance the air strike capability of the Air Force.

Reply of the Government

A contract for upgrade of SU-30 MKI Phase-1 and Phase-2 aircraft to SU-30 MKI Phase-3 has been concluded with Russians. Further, a proposal for swap of SU-30K aircraft with new SU-30 MKI Phase-3 aircraft is under consideration. Also, production schedule of SU-30 MKI aircraft at HAL has been compressed with a target of completing the licensed production of SU-30 MK aircraft by 2014-2015 against 2017-2018 as envisaged earlier.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 5.41)

The Committee note that the various features of Fifth Generation Fighter Aircraft (FGFA), as enunciated by the Ministry of Defence, are far more advanced as compared to that of the existing aircraft available with Indian Air Force. Presentation on the aircraft has been made by the Sukhoi Design Bureau and RAC MiG and the proposal is still under examination. Also consultations are going on with Russian Government in this regard for joint development. The Committee are informed that Indian Air Force is finalising the Air staff requirements for the FGFA and the concept for its development has not yet been finalised. The Committee, therefore, recommend that the Ministry must give serious thought to finalise the concept of FGFA at the earliest. The Committee also wish to be apprised periodically by the Ministry of the progress made in this regard.

Reply of the Government

The Committee constituted under the Chairmanship of Secretary, Department of Defence Production has recommended the steps to be put up in place to progress the programme. 'In principle' approval has been accorded in January, 2007 for a joint development of the **Fifth Generation Fighter Aircraft** (FGFA) with Russians.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 5.46)

The Committee note that the Air Force is facing shortage of Helicopters in its fleet and is in the process of acquiring various types to augment the fleet. The Committee are concerned to note that the procurement of heavy category multi-role Helicopters is still at the conceptual stage. The Committee, therefore, strongly feel that the Ministry must give utmost priority to the procurement of requirement-based Helicopters with assured availability of funds for the same. The Ministry should also immediately finalise the procurement or joint development of multi-role Helicopters for the Air Force.

Reply of the Government

Government have signed a contract for procurement of 10 Cheetal helicopters with M/s Hindustan Aeronautics Limited (HAL). Proposals for procurement of additional **Advance Light Helicopters** from HAL and **Medium Lift Helicopters** (MLH) from Russia are also under progress.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 6.13)

The Committee note that the percentage expenditure on R&D in 2006-07 is 6.13 percent of the Defence Budget. The Committee desire the Ministry to make efforts to increase the percentage expenditure on R&D so as to improve self-reliance in defence production.

Reply of the Government

In the Budget Estimate 2006-07, Defence R&D Budget is 5453.73 which is about 6.13% of the Defence Budget. DRDO has not had any problem in getting financial resources in the past. However, all efforts will be made to allocate more funds for R&D.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 6.16)

The Committee note that the involvement of the user with DRDO is very limited, thereby the final product lack the facilities and qualities as per the requirement of the user. The Committee recommend that user must be involved at the conceptualization stage so that defects, if any may be rectified during production stage itself and delivery of the product to the user may not get delayed for a long time.

Reply of the Government

At present, Users Representative are members in Monitoring Committees/Boards in the Staff oriented projects, which meet periodically, to review the progress, give future directions and take necessary decisions, including mid-course corrections, as and when required.

Further, the Users have positioned their representatives as part of Project Teams in the DRDO laboratories undertaking the Staff Projects.

DRDO will also follow the recently approved “Make category” procedure prescribed by the Ministry of Defence in which the User and Production Agencies are involved in the project from the concept stage, to minimize any defects which may occur during production stage and to avoid unwanted delivery delays.

As some projects have large realization time, continuation of “User Officers” in the projects up to field trials should be ensured by the Service HQrs.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 7.7)

The Committee are concerned to note that there are serious shortages in force level of Coast Guard. Against the authorized strength of 158 comprising 106 vessels and 52 aircraft, the present force level is only 111 comprising 66 vessels and 45 aircraft. The Committee are unhappy that force level has been allowed to fall below the authorized strength due to non-acquisition of requisite number of vessels over the years which are procured through indigenous construction by Indian Shipyards. On the one hand, the coast guard fleet has depleted, on the other, ship building capacity of

shipyards has been under utilized due to low order book position. The Committee therefore earnestly desire that the Ministry should take effective steps to place sufficient orders to shipyards for construction of ships for Coast Guard and induct them in a time-bound manner. In this connection, the Committee desire the Ministry to fully utilize the increased allocation in BE for 2006-07 and if required they should ask for more funds at the supplementary stage. The Committee further desire that the Coast Guard Development plan, approved by Raksha Mantri may also got approved by the Ministry of Finance so that necessary allocation can be made by Ministry for implementation of the plan.

Reply of the Government

The Annual Acquisition Plan of Coast Guard for the year 2006-07 has been approved by the Defence Procurement Board and acquisition activities are being undertaken as per laid down procedure. As regards the recommendations relating to Coast Guard Development Plans (CGDP) for the XI plan period, the case has been forwarded to the Ministry of Finance after approval of Raksha Mantri. Cases for induction of 15 new ships and 223 new aircraft in addition to smaller craft have been included in the XI Plan.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 7.10)

The Committee are given to understand that protection of Tamil Nadu Coast against infiltration has been entrusted to the Indian Navy and the Coast Guard. Coast Guard ships and aircraft remain on continuous patrol/surveillance duty in the Palk Strait and Gulf of Mannar. The Committee note that along the international maritime border, joint patrolling between Coast Guard and Sri Lankan authorities are conducted to ensure that there are no transgression of fishermen. The Committee further observe that despite several steps being taken by the Government, several fishing vessels are very often misguided on the Tamil Nadu coast and take the route to Sri Lanka, and thus the fishermen fall under their custody. Besides, incidence of smuggling of narcotics, Petrol and diesel has increased in that region. The Committee observe that same kinds of problems are prevailing in other coastal regions also. Therefore, the Committee strongly recommend that Government should intensify their joint patrolling operation between the Coast guard, Indian Navy and authorities of other respective countries, in order to strengthen and maintain high level of vigilance to contain the increasing incidence of smuggling and protect the interests of people of coastal region, in general and the Fishermen in particular.

Reply of the Government

1. The Ministry has taken note of the concerns expressed by the Committee. It may, however, be clarified that the Coast Guard is responsible to ensure safety and protection of offshore installations, to protect fishermen, to take search and rescue (SAR) measures, to take measures to prevent marine pollution as well as to assist other Governmental agencies in anti-smuggling and anti-poaching operations by patrolling the Maritime Zone of India. The Indian Navy is responsible for the overall maritime security

of India. There is a close coordination between the Indian Navy and the Coast Guard in discharge of their assigned roles.

2. The Indian Navy and the Indian Coast Guard carry out intensive patrolling under Operation Tasha using hovercraft, surface ships and aircraft, on the Indian side of the International Maritime Boundary Line (IMBL) in Palk Bay for monitoring fishing and other maritime activities; preventing terrorists from using the sea and preventing smuggling of contraband across the IMBL. Similarly, the Sri Lankan Navy also carries out regular patrol on their side of IMBL.

3. The Coast Guard, the local police and port authorities regularly advise the fishing community not to cross the IMBL.

4. Close patrolling is carried out by the Coast Guard along the Tamil Nadu coast, in coordination with the Narcotics Control Bureau. Seizure of narcotics was carried out on 7 January 2006, 19 February 2006, 20 February 2006 and 12 March 2006. Overall there were five incidents of interception of contraband from January to July 2006 when the Coast Guard has caught smuggled goods worth Rs. 228.58 crore during patrolling.

5. Similarly, intensive patrolling by the Coast Guard in coordination with the Indian Navy and State authorities, along the Gujarat and Maharashtra coast is carried out under Operation Swan.

6. In addition, the Ministry of Home Affairs have also started a scheme for patrolling by the coastal police stations of the Coastal States and Union Territories in the sea close to the coast, to prevent smuggling and illegal trafficking. This will supplement the efforts of the Indian Navy and Coast Guard.

7. The Indian Navy and the Sri Lankan Navy have also agreed on measures to ensure compatible communication and exchange of information between the units patrolling on both sides of the IMBL. These include the establishment of a hotline between the two Navies; establishment of a common communications network for exchange of information to rule out mutual interference; conduct of quarterly flag meetings at the IMBL between the two countries; and conduct of bi-annual operational review meetings between the two Navies.

8. An MoU was signed on 3rd October 2005 between the Indian Coast Guard and Pakistan Maritime Security Agency on the establishment of communication link for exchange of information between the two agencies on violation of each other's Exclusive Economic Zone (EEZ), pollution incidents affecting the EEZ of two countries, the search and rescue operations as per international conventions, natural disasters/calamities, smuggling and illicit trafficking in narcotics. Consequently, the communication link between the Indian Coast Guard at Coast Guard Headquarters, New Delhi and Pakistan Maritime Security Agency Headquarters at Karachi, Pakistan was inaugurated at 1030 hrs (IST) on 14th November 2006 and the communication is exchanged every Wednesday at 0930 hrs.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 7.15)

The Committee are happy to note that as a result of the Committee's recommendation in their 5th Report on 'the Cantonment Bill,2003', Defence Estate Organisation (DEO) has initiated a project to computerize records of Defence lands all over the country. The Committee feel that this positive step will go a long way in streamlining the defence land records. The Committee are informed that the project will be implemented in three phases in a period of 15 months. The first stage of the project has already started. The proposal for sanction of the second and third stage is under examination of the Ministry of Defence. The Committee therefore desire that the Ministry should approve the second and third stage's of the project at the earliest and implement the same in letter and spirit without any loss of time.

The Committee would also like to be apprised of the Grant-in-Aid given to the deficit Cantonment Boards for last 10 years and the steps taken by the Government to make them self-reliant.

Reply of the Government

The aspect of security of land records in the context of computerization and placing it in network was required to be examined in consultation with the Army Headquarters. It has been proposed that the computerization programme be implemented in stages. To begin with, digitization of existing records is to be implemented. Once the system is stabilized and suitable security solutions arrived at, the data will be put in the internet to enable data sharing by respective users.

The details of Grants-in Aid provided to the Cantonment Boards during the last 10 years are given as under:-

Sl. No.	Year	Amount of Grant-in Aid (in Rs.)
1.	19996-1997	15,00,00,000
2.	1997-1998	18,70,00,000
3.	1998-1999	22,00,00,000
4.	1999-2000	21,78,00,000
5.	2000-2001	22,43,28,000
6.	2001-2002	23,96,80,000
7.	2002-2003	25,98,00,000
8.	2003-2004	25,00,00,000
9.	2004-2005	29,97,00,000
10.	2005-2006	30,98,25,000

Out of 62 Cantonment Boards, 35 Boards have become self-sufficient. Various steps have been taken to augment the resource base of the cantonment boards. These include self financing schemes for developing shopping complex, community centres etc. Revision of rates and taxes are also undertaken. The Government also releases service charges to the Cantonment Boards so as to undertake development projects without straining the local funds at the disposal of the cantonment boards. The various restrictions on the recruitment and filling up of vacancies are also made applicable to the Cantonment Boards so as to cut down expenditure on establishment charges.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 7.17)

The Committee observe that the proposal for restructuring of DEO is under examination of the Ministry of Defence and it is proposed to be implemented over a period of five years. The Committee hope that organizational restructuring will bring democratic reforms in the administration of DEO which include decentralization, transparency, accountability and simplification. The Committee desire that in the restructuring process, stress should be given on proper training of officers & staff of DEO. Besides, the regular training in Land & Revenue, the officers should also be imparted training in handling sensitive situation involving general public whose land/property has been taken over. The Committee hope this will enable the officers to effectively interact with the aggrieved parties / individuals showing sensitivity to their grievances. The Committee, therefore desire that the Government should take appropriate view to the matter and apprise the Committee.

Reply of the Government

Directorate General of Defence Estates have submitted a proposal for restructuring of Defence Estates Organisation. The proposal is being examined keeping in view the existing Government policy of optimization of staff.

Directorate General of Defence Estates have also set up a training institute called National Institute of Defence Estates Management in Delhi Cantonment for imparting training to the IDES (Indian Defence Estates Service) Probationers, officers and staff of the Defence Estates Organisation and Cantonment Boards. 18 training courses have been scheduled for the year 2006-07 of which 2 have already been concluded. At the institute, training courses on Acquisition and Rehabilitation, Key issues of Public Health, Land Management and computer courses in MS Office for officers and staff of Defence Estates Organisation and Cantonment Boards are offered. Courses for senior officers include training in e- governance, Vertical Mix Programme and refresher courses.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 62 of Chapter 1)

Recommendation (Para No. 7.20)

The Standing Committee on Defence (14th Lok Sabha) in their 5th Report on 'the Cantonments Bill, 2003' had recommended to amend various provisions of the Bill and bring a separate Bill on Defence lands other than the cantonment. The Committee are unhappy to note that despite their having presented the report on Bill in Parliament in May, 2005, the Government has not brought the revised Cantonment Bill in Parliament even after a lapse of one year. Out of 62 Cantonments, 61 are varied and there is an urgent need to hold elections in these cantonments, so that the elected boards as envisaged in the Bill are in place for smooth administration. The Committee, therefore,

desire the Ministry of Defence to expedite the matter for placing the modified Cantonments Bill, 2003 in Parliament so that the new Cantonment Act can be enacted at an early date. The Committee further desire that a separate Bill on the management of defence land as recommended by the Committee in their above report may be brought urgently in Parliament.

Reply of the Government

The Cantonments Act, 2006 (41 of 2006) has since been notified in the Official Gazette and it has commenced with effect from 18th December, 2006.

In view of the above, the constitution of all the 62 Cantonment Boards had to be varied to meet legal requirements. Necessary steps are being taken, in accordance with the Cantonments Act, 2006 to hold election to all the Cantonment Boards. Elections will be held after completing the requisite legal/statutory formalities.

The Government has also accepted the Committee's recommendation for a separate Bill for the management of defence lands other than cantonments and a new Bill has already been drafted for the management of defence lands and military stations outside cantonments. This has been circulated to the three services to obtain their views/comments.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 8.14)

The Committee note that Ex-Servicemen Contributory Health Scheme (ECHS) made operative from 01 April 2003, which aimed at providing comprehensive medical care to the Ex-servicemen (ESM) and their dependents through 227 ECHS Polyclinics to be established throughout the country by 31 March 2008. The Committee, however, find that Ex-Servicemen Contributory Health Scheme is applicable to pensioners only thereby depriving about sixty percent of the Ex-servicemen to avail this necessary medical facilities. The Committee, therefore, desire that Government should set up a Committee to examine this issue thoroughly in order to extend ECHS facilities to all those Ex-servicemen.

Reply of the Government

The Ex-Servicemen Contributory Health Scheme (ECHS) was sanctioned by the Government of India for providing comprehensive medical care to the ex-servicemen who are in receipt of pension/family pension/disability pension and their dependents. It is considered necessary to link eligibility to some minimum service rendered. To be in receipt of pension is a reasonable criteria in this regard. The non-pensioners are either those who left the military service voluntarily for their personal reasons or those who were removed as a result of departmental action on disciplinary grounds. The Government does not favour extending the scheme to non-pensioners due to above reasons and because of wide ranging financial implications.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 8.16)

The Committee learnt that keeping in view of hardship being faced by the Ex-Servicemen, some State Governments have allotted surplus land to the retired Armed Forces personnel. The Committee in view of above fact, desire that Government should take up the matter with the State Governments to make a policy to allot available surplus land in their State to retired Armed Forces personnel. The Ministry of Defence should also explore the possibility to allot Defence surplus land other than Cantonments land to Ex-Servicemen for Housing projects.

Reply of the Government

Government have been requesting the State Governments/UTs from time to time to identify suitable pockets of land in the Districts for promoting Housing Colonies and also reserve a certain percentage of house site/houses for the ex-servicemen in their States. Most of the State Governments have reserved house sites/houses for ex-servicemen etc, percentage of reservation ranging from 2% to 10%. One State Government viz. Sikkim have reserved 50% houses/house sites for ex-servicemen of their State (a Statement in this regard is enclosed).

Recently, on 25th July, 2006, Ministry of Defence have requested Chief Secretaries/Administrators of all States/UTs to suitably frame a policy regarding allotment of land to ex-servicemen.

As regards allotment of Defence surplus land other than Cantonments land to ex-servicemen for housing projects, it is stated that Ministry of Defence acquires land for the specific needs of Armed Forces. There is deficiency of defence land for its own use by Armed Forces.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 9.4)

The Committee are happy to note that 4th World Military sports will be held in Hyderabad and preparations are being made for this purpose. The Committee would like to complement the Defence Forces the good performance of their personnel who participated in international level events viz. the Commonwealth Games, Olympics recently. The Committee would like the Defence Forces to explore the areas where they can compete with international standards and chalk out a Plan to train and motivate their personnel in those sports. The Defence Forces should also send more personnel to take part in national and international events. The Committee also desire that Navy should encourage water sports among its personnel and necessary funds be provided for promotion of the same.

Reply of the Government

The Indian Armed Forces will conduct 4th Military World Games in Hyderabad and Mumbai in the month of October, 2007. Competitions will take place in fifteen sports disciplines viz. Military Pentathlon, Shooting, Parachuting, Track & Field, Triathlon, Swimming, Sailing, Boxing, Wrestling, Judo, Football, Handball, Volleyball, Field Hockey

and Kabadi. Infrastructural facilities to be provided for conduct of these games are nearing completion.

With a view to compete with international standards and gain experience to enhance performance of Services teams in the ensuing International sporting events, these teams took part in the Military World Championships conducted by member nations of International Council of Military Sports (CISM) in the year 2006-2007. The Services teams will also take part in the forth coming National Games. Nodal centres for training of services teams especially for the Military World Games 2007 have been established. The Mission Olympics Wing (MOW) has been set up at Army Headquarters comprising of the Army Sports Institute (ASI), Pune and its five nodes for providing world class infrastructure and training in ten disciplines namely; athletics, archery, boxing, diving, equestrian, rowing, shooting, weightlifting, wrestling and yachting.

As far as encouragement of water sports among Naval personnel is concerned 10 Water Training Centers have already been established by the Indian Navy to promote Sailing, Wind Surfing, Kayaking & Canoeing and rowing with necessary funds support. The Navy, as a first step, has also planned to conduct competitions at Fleet and Command level in Rowing and Kayaking & Canoeing from the year 2007 onwards.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

CHAPTER – III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOTE DESIRE TO PURSUE IN VIEW OF GOVERNMENT REPLIES

Recommendation (Para No. 2.19)

The Committee are happy to note that as a result of repeated recommendations of the Committee in their earlier reports for the creation of the post of Chief of Defence Staff (CDS), the Ministry of Defence has issued letters to National and State level political parties in March 2006 to begin political consultations with them on the issue of establishment of the post. The Committee desire that since already inordinate delay has taken place, the Government must expedite the matter and come to a consensus for establishment of CDS, which is the need of the hour to face the changing nature of war in the 21st century. The Committee would like to know the progress made by the Government from time to time in this regard.

The Ministry, in their action taken reply have stated :

> "The process of consultation with political parties has been initiated by issuing letters to National and State level political parties by the Raksha Mantri on March 2, 2006, eliciting their views on the establishment of Chief of Defence Staff. A reminder has been issued by the Raksha Mantri on June 12, 2006 and again on 11 January 2007. Replies from four political parties only have been received so far and replies from the majority of the political parties are still awaited. The decision in the matter will depend on a larger consensus on the issue.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Regarding the views of the Ministry of Defence for handing over the task of CDS for joint planning, joint training, joint operation, implementation and joint doctrine to Chief of Staff Committee till the matter is finally decided, the Ministry of Defence in their written reply stated :-

> "Pending decision on setting up the institution of CDS, Headquarters, Integrated Defence Staff has been set up under the Chief of Integrated Defence Staff to the Chairman, Chiefs of Staff Committee (CISC) in 2001 to support the Chiefs of Staff Committee and its Chairman in the optimum performance of its roles and functions, bringing together and coordinating several functions common to the Services. Planning functions, including the formulation of Long Term and Five

Year Plans have been brought under the Integrated Defence Staff and Strategic Force Command. Tri-Service commands like the Andaman and Nicobar 'theatre' Command etc have been set up to promote to jointness and synergy in operations. Defence Intelligence agency coordinates intelligence inputs from the Service intelligence directorates and also provides interface with the other intelligence agencies like RAW, NTRO, IB etc. In the field of training several tri service institutions like National Defence Academy, Defence Services Staff College and College of Defence Management (CDM) have been brought under the Joint Training Committee of HQ IDS. Raksha Mantri has also recently released the Joint Doctrine for the three Services.

Therefore, it may be stated that pending creation of CDS the COSC with assistance of CISC and HQ IDS is performing the functions of CDS to a large extent.

Recommendation (Para No. 4.5)

The Committee note that, keeping in view the ever-increasing maritime interests of the country, Indian Navy has a major role to play to safeguard the nation on both economic and strategic fronts. To effectively discharge the above role there is an urgent need to augment the capability of the Navy by induction of sophisticated state of art Naval equipment and platform. The Committee, therefore, recommend that the development/procurement of the various Naval equipment should be taken up on priority and adequate availability of funds must be ensured by the Government so as to boost the capability of Indian Navy.

Reply of the Government

To continue effectively discharging its strategic and economic role, the Navy is processing several acquisition proposals to augment its surface, underwater and air capabilities. Several approved proposals are also at various stages of completion. These include the induction of aircraft carrier ex-Admiral Gorshkov, submarines, and war ships.

To address these growing challenges, the Navy's XI Plan projections cater for induction of equipment and platforms to achieve the augmentation of its capabilities. The plan is expected to be finalised soon.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 4.10)

The Committee are unhappy to note that the Ministry of Defence has outrightly rejected the feasibility for creation of necessary infrastructure for undertaking the construction of the third aircraft carrier stating that such facilities are available only at M/s Cochin Shipyard Limited, Cochin and not at any other public sector shipyards. The Committee are unhappy at such a situation and recommend that, keeping in view the requirements of three aircraft carriers, necessary infrastructure should be created in Defence public sector shipyard on priority and required manpower be deployed so as to start the construction of third aircraft carrier.

Reply of the Government

The issue of construction of indigenous aircraft carrier was considered and not found feasible at the Defence Public Sector shipyards namely Mazagon Dock Ltd at Mumbai; Garden Reach Shipbuilders & Engineers Ltd. at Kolkata & Goa Shipyard Ltd at Vasco due to the channel size, draft restriction and non availability of building dock/dry dock commensurate to the dimensions of the aircraft carrier.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 4.12)

The Committee also note that in comparison of the American aircraft carrier USS Nimitz, our aircraft carriers INS Viraat and Admiral Gorshkov, stand nowhere in terms of various features viz. dimension, displacement and aircraft carrying capacity. The Committee, therefore, recommend that the features of the Air Defence Ship, already under construction at Cochin Shipyard should be re-examined and steps be taken to match the capabilities of the best aircraft carrier to the extent possible. The Committee wish to be apprised periodically of the progress being made by the Ministry on both these fronts.

Reply of the Government

Indigenous Aircraft Carrier (IAC) is the first ship of its kind being constructed in the country. Designing and construction of a ship of the size of an aircraft carrier requires a very high degree of expertise and considerable refinement in shipbuilding processes. Therefore, it is quite pragmatic to make a beginning with a light aircraft carrier and thereafter graduate to heavier aircraft carriers after attaining requisite experience and maturity in shipbuilding processes. In addition, at present CSL, Cochin, is the only yard that can construct a carrier with the dimensions of the IAC. Further, due to channel size, draft restriction and non availability of building dock / dry dock commensurate with the dimensions of the aircraft carrier, construction of a ship of the size of USS Nimitz (Length – 339.2 m Breadth – 78.6 m) is currently not feasible. However, in future, possibilities may be explored to create infrastructure in shipyards for building larger aircraft carriers and large vessels in the country.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 5.23)

The Committee are concerned to note that there is inadequate coverage with the existing network of radars available with Air Force, resulting in significant gaps all over the country particularly at peninsular India, thereby making it vulnerable to sudden attacks due to failure of timely detection. The Committee note that some efforts in the right direction for indigenous manufacturing of radars have been initiated by the Government. The Committee feel that radar surveillance is such an issue which can hardly be put on side track and therefore recommend that in addition to indigenous efforts for manufacturing, import options should also be taken up on priority and the Government should not hesitate to make adequate funds available for their procurement.

Reply of the Government

To provide adequate coverage of radars, following procurement cases in respect of **Low Level Transportable Radars** (LLTRs), **Medium Power Radars** (MPRs), and **Low Level Light Weight Radars** (LLLWRs) are being progressed.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. .5.38)

The Committee are pleased to note that the Hindustan Aeronautics Limited(HAL) has attained commendable manufacturing capabilities, which operates through its five companies, consisting of 16 divisions and 9 R&D centres spread across the country. Starting from Jaguar, Su-30, AJT to ALH and Cheetah Helicopters and upgradation of various MiG series aircraft, the Organisation is involved in multifarious production system. The Committee feel that, with the present organizational set-up, it is difficult for the HAL to cope with the ever-increasing assignments involving cutting-edge technologies. The Committee, therefore, recommend that to bring about better and efficient management of the Organisation and competitiveness among its five companies, the HAL should be converted into full fledged separate PSUs with independent Boards of Management. The Committee also stress that wherever required, HAL must resort to outsourcing of various sub-systems to private agencies so as to achieve cost-effectiveness to the manufacturing activities.

Reply of the Government

1.1 Presently, HAL is working as five Business Groups as detailed below:

(a) **Bangalore Complex:** Comprising all the Production Divisions situated in Bangalore(except Helicopter Division) for manufacture & overhaul of Western and Indigenous aircraft.

(b) **MIG Complex:** Comprising all the production Units and R&D Centres at Nasik and Koraput for manufacture and overhaul of Russian designed aircraft.

(c) **Accessories Complex:** Comprising all the production units and R&D Centres at Lucknow, Hyderabad, Korwa and Kanpur, supplying Accessories & Avionics Systems to other complexes.

(d) **Design Complex:** R&D Centres in Bangalore for indigenous development of aircraft.

(e) **Helicopter Divisions:** also forms part of Design Complex for implementation of ALH project.

1.2. These Complexes are headed by Managing Directors and have independent Committees of Management to oversee the performances of the Divisions / R&D Centres working under them.

1.3. Divisions of HAL are organized functionally into Aircraft, Engines, Helicopters, Avionics & Accessories (Mechanical & Instrument Systems). The operations between various units are closely inter-related. Divisions in the Accessories Complex supply systems to all Aircraft & Engine Divisions. Engine Divisions supply engines to Aircraft Divisions. There is continuous interaction between the R&D Centres and the production Units to implement the development of such projects. Such close coordination can be ensured only by having all the Units under one organization.

1.4. Aviation Industry is capital intensive because of the sophisticated equipment required for the high and technological processes involved. It is therefore desirable that such facilities are established within the same organisation to meet the requirements of all the business groups. For instance, the Single Crystal Directionally Solidified Blade casting facilities being established at Koraput will cater to the requirements of both MiG and Bangalore Complexes.

1.5. It is because of the need for such close cooperation and synergy and the high costs of investments that major Aerospace Companies are forming conglomerates to implement their programmes. United Technology Corporate in USA, EADS, SAFRAN, Fin Meccanica in Europe are some of such conglomerates which have wide range of Aerospace products in their production area. This arrangement of working under one umbrella gives them the benefit of availability of wide range of resources, economies of scale and deployment of best practices of technology, engineering and business over a range of programmes.

1.6. It may also be mentioned here that HAL has absorbed a wide variety of technologies from Russia, Europe & USA through transfer of technologies for its products. The present organizational structure is conducive to exchange of the best technological practices for its programmes in different production units.

1.7. The present system of these business groups has been working well with the synergy between all the constituent production Units and R&D Centres.

1.8. The Company is managed by a Management Committee which includes the Chairman, the Managing Directors of each Complex and three functional Directors for Corporate Planning & Marketing, Finance and Personnel and Administration. The Company is governed by a Board of Directors, which includes all the members of Management Committee, Government representatives and independent Directors.

1.9. Thus, Restructuring HAL into separate PSUs would not be desirable.

2.0 HAL has been one of the forerunners in involving Private Sector in the areas of Defence Production. The Committee's recommendation on outsourcing of various sub-systems to achieve cost effectiveness has been given priority. In new programmes like SU-30, ALH, LCA etc., outsourcing has been expanded substantially from initial component manufacturing stage to Assembly Modules as well HAL has over the years increased its outsourcing value as indicated below towards the objective.

(Rs. Crores)

	Value of Outsourcing
2003-2004	98.7
2004-2005	181.9
2005-2005	262.1

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 5.49)

The Committee note with serious concern that most of the missile firing units of Air Force are extremely old vintage with no spare support and no substantial efforts being taken to upgrade or replace them. In the case of Pechora Missile System, 60 firing units procured from Russia are 1974-90 vintage and as on date only 50 are operational and by the end 2006 only 24 would be left operational. The procurement plan to replace the Pechora System is still at the RFP stage which will not fructify earlier than 2008. As far as OSA-AK System is concerned, the technology is quite outdated and is facing shortage of missile and spares. The overhauling of this system is planned to be done to extend its life. The project of procuring firing units for the same is at CNC stage. Likewise, IGLA Missile System is also obsolete and 80 percent of the missiles are on life extension. The Committee further note that some indigenous efforts for replacement of the existing systems have been taken with insignificant success, thereby resulting in critical voids.

The Committee, therefore, keeping in view the ageing and obsolete missile firing units currently at disposal of Air Force and lackadaisical approach of the Government for their modernisation, strongly recommend that the Government should pay enough attention to the upgradation and modernisation of the missile firing units to enhance air strike capabilities of Air Force, which has been ignored since long. The Committee also desire that adequate funds for their modernisation and procurement must be ensured.

Reply of the Government

The Government have planned acquisition of Low Level Quick Reaction Missiles (LLQRMs), Medium Range Surface to Air Missile (MR SAM), Akash Missile, BrahMos Multi Spectral Sensor, and also replacement of IGLA missiles during 11th Plan period for modernizing missile firing units of the IAF.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 8.11)

The Committee note that Finance Minister in his Budget speech announced new pensionary benefits to retired Armed Force Personnel whereby increased weightage will be given for the purpose of calculation of pension subject to maximum qualifying service of 30 years. While appreciating the announcement, the Committee observe that it still does not fully meet the demands of ex-servicemen as full pensionary benefits are given to PBOR only on completing 33 years of service. The Committee, in view of the fact that armed forces personnel are retired compulsorily at a younger age than civilian employees, desire that Government should examine their demand sympathetically.

Reply of the Government:

The issue of removal of 33 years of condition and/or enhancement of weightage to the extent of making Armed Forces personnel eligible for full pension admissible for 33 years qualifying service was considered in detail by the Government. Considering all relevant factors including financial implications and repercussions elsewhere, a

conscious view was taken to enhance the weightage in the case of Sepoy, Naik and Havildar to 10, 8 and 6 years respectively subject to maximum qualifying service of 30 years. However, if a person is getting pension for more than 30 years with the weightage of 5 years, he will continue to get that. It has not been found feasible to grant benefit of 33 years qualifying service to the PBOR irrespective of length of actual qualifying service rendered.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 8.13)

The Committee note that the Government have announced the setting up of Sixth Pay Commission for Central Government employees. In view of altogether different job requirements of defence services in peace and war situation, the Committee desire that separate Pay Commission be constituted for Defence Service or a representative from Armed Forces be included in the proposed Commission so that interests of the Armed Forces Personnel could be looked after in the right perspective.

Reply of the Government

Government of India appoints as a policy only one Central Pay Commission for all Central Government employees. A request was made to the Ministry of Finance and Sixth Central Pay Commission to appoint a person with Service background in the Sixth Central Pay Commission as a Member / Adviser. The name of a retired Lt.General was also suggested to the 6th Pay Commission for appointment as Adviser. However, the Commission has felt that there was no need for appointment of an Adviser as the Commission would give full opportunity to the Armed Forces to place their views before the Commission. The Services can directly interact with the Commission and present proposals, demands and special problems of the forces in the right perspective.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Recommendation (Para No. 10.7)

The Committee note that the Armed Forces, besides securing borders of our country also assist the civil authorities in maintenance of law and order situation and rescue and relief operations during natural and man made disasters. The Committee would like to applaud the commendable job performed by the Armed Forces during all kind of disasters. The rescue and relief operations of Defence forces in the wake of Tsunami, earthquake in J&K and other calamities besides giving valuable relief to the people have also affirmed their faith in defence forces. The Committee note that Defence services incur substantial expenditure in various operations in disaster management. The expenditure of such operations/assistance are incurred by the Armed Forces themselves at the first instances and subsequently are reimbursed by the concerned State Governments. The Committee desire that a provision be made to keep separate contingency fund for disaster management within the Defence services so that timely and adequate relief could be extended to the affected people.

The Committee further observe that the role of the Defence Services in managing various kinds of disasters has been outlined in Crisis Management plan and is dovetailed into the Standard Operating Procedures (SOPs) which is being formulated. The Defence Crisis Management Group (DCMG) in the Ministry of Defence coordinates with all concerned agencies in the management of disasters. However, the Committee feel that the Ministry should constitute a core group of military Disaster Management for better coordination among the three services and meet the national disasters more effectively.

Reply of the Government

Though National Disaster Management Act, 2005 lays down mechanism and provisions for exhaustive National Disaster Management structure throughout the country, Armed Forces remain as the first responder whenever managing disaster is beyond the capacity of the State.

The role of various Ministries in managing various types of disasters have been laid down in the Act and the Standard Operating Procedures (SOPs) are being formulated.

The Ministry is considering a proposal, in consultation with Ministry of Home Affairs/National Disaster Management Authority to pre-locate Composite Disaster Relief Bricks in various parts of the country to facilitate quick response.

As regards the recommendation of the Committee for setting up of Core Group of Military on Disaster Management for better coordination among the three Services and meet the National Disasters effectively, a Defence Crisis Management Group (DCMG) already exists with the purpose of performing the same role. This arrangement is considered adequate.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

CHAPTER – IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Para No 1.4)

The Committee are aware of the rapid technological advancements and changes taking place globally in the warfare technology and feel that there is an imperative need to constitute a high level empowered Committee to examine the entire security gamut and suggest reforms including re-structuring of the Armed forces, as may be necessary to meet any eventuality in the future. The committee note that there has been no thorough review of the structural set up of the Armed forces since independence, especially of the Army whose strength constitutes almost ninety percent of our defence forces. The need of the hour is to optimally use the available limited resources. For a country like India, there are several budgetary constraints even for the defence forces and, therefore, the fund allocated have to be utilized judiciously. The proposed Committee should be given the mandate to suggest suitable manpower restructuring by way of trimming the force size (teeth to tail ratio) with corresponding increase in the use of advanced and sophisticated technology in our Armed forces; review the authorization the peace and war establishments which are existing since the second World War. The Committee should also examine the relevance of involvement of the Defence forces in non-defence activities like military farms, stud farms and other such activities that can be outsourced. It is high time to effect substantial savings within the available Defence budget for restructuring and modernizing our forces. The entire defence budget is a Government Budget without any other source and hence the savings become all the more important.

Reply of the Government

The process of restructuring of armed forces is a continuous one, which is carried out by each Service Headquarters based on threat assessments. There are Standing Establishment Committees in the three Services which review the structure of various service establishments periodically and based on their recommendations the establishments are restructured from time to time. As and when there is requirement of raising of new units / establishments, the same is also considered on case to case basis. In addition the entire security system was also reviewed by a Group of Ministers, which submitted its report in Feb 2001. The recommendations of the GoM were accepted by the Government and are in various stages of implementation. Induction of advanced and sophisticated technology is also ensured in a planned manner through acquisition procedures as laid down in Defence Procurement Procedure (DPP) 2006. Proper and timely utilization of funds is also closely monitored through the institutional system put in place.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 11 of Chapter 1)

Recommendation (Para No. 1.43)

The Committee note with serious concern that B.E.(2005-06) of Rs.83000 crore was reduced to Rs 81700 crore in R.E.(2005-06) stage thereby showing a reduction of Rs 1300 crore. The reduction has also been made in capital budget which has been reduced from Rs. 34375 crore in BE (2005-06) to Rs. 33075 crore in RE (2005-06) even though there were enough projects with Ministry in the pipeline. In this connection, the Committee were informed by the Ministry of Finance that the reduction has been made after due consultation at the Minister's level taking into account the actual trend of expenditure during the year. Upto December 2005, the capital expenditure was only 41% of the allocation made in the BE (2005-06).

Further, the Committee were given to understand that Rs. 2646 crore was surrendered by Ministry of Defence at the end of financial year 2005-06 due to non-fructification of envisaged schemes. The Committee feel that this clearly shows the inability of the Ministry of Defence to timely plan and process the cases so as to bring them to the concluding stage during the first three quarters of the financial year so as to secure financing of projects provided in the Budget. Expressing strong displeasure, the Committee feel that there is a need for better financial planning and management in Ministry of Defence. The large scale surrender of funds at the end of the year has eroded their credibility and ability to utilise the allocated funds which are so much required for modernization/up gradation of defence forces. The Committee further observed that rush of proposal in the last month of initial year and hurried expenditure gives room for import and discourage the indigenisation. The Committee, therefore, recommend that the Ministry should analyse the whole issue and monitor the progress of Capital expenditure more closely. In this regard, the Committee wish to reiterate their recommendation made in their earlier Report that the Ministry should make advance planning in order to submit a calendar for acquisition during the year with firm commitment to the Ministry of Finance. This will facilitate optimum utilization of scarce resources allocated for 'Defence' and timely completion of schemes / projects envisaged by the Ministry of Defence to maintain highest level of Defence preparedness.

Reply of the Government:

It is correct that BE 2005-06 has been reduced by Rs.1300 crores. But it was reduced by Ministry of Finance at the RE stage though Ministry of Defence had not indicated any surrender. It is also true that 41% of the Capital expenditure was spent till December, 2005. While Ministry of Defence were in the process of planning to spend the allocation, due to reduction at RE stage these could not be implemented.

2. The total gross surrender of Rs.2646 crores at the Modified Appropriation stage was the net result of supplementary grant of Rs.542.50 crores taken in some Grants during the year, net reduction of Rs.1300 crores at RE stage, further reduction of Rs.888.66 crores at MA stage and increase in Receipts/Recoveries of Rs.85.20 crores.

3. It has always been the endeavour of the Ministry of Defence to evenly spread the pace of expenditure in four quarters so as to avoid rush of expenditure in the last quarter. The progress of expenditure is closely monitored on monthly basis and Inter-Departmental Monitoring Groups have also been constituted in the Ministry to monitor

the progress of expenditure on weekly basis in the last quarter of the financial year. Defence procurement particularly acquisition cases, follows a certain cycle and cash outflow is linked to fixed milestones (of supplies). Any slippages at the Supplier's end, which are not within the control of Ministry of Defence, lead to under utilization. The surrenders have, however, not resulted in unplanned procurement from foreign sources or had an adverse impact on the indigenisation process of the Services.

4. However, without compromising on transparency and accountabaility, the existing procedures as laid down in the Defence Procurement Procedure are reviewed from time to time so as to streamline the procurement modalities and cut down delays, which will help in avoiding surrender of funds.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 17 of Chapter 1)

Recommendation (Para No . 1.55)

The Committee observe that there are many procurement cases with the Services which cost less that Rs. 50 crore. The entire procurement includes categorization, acceptance of necessity, quality vetting, technical evaluation trials, contract negotiation and placement of supply order of these cases, which consumes a lot of time in getting the proposal cleared by the Ministry. The Committee are informed that the Ministry of Defence has modified the procedure for Price Negotiation Committee (PNC). They have delegated this power to the Service Headquarters in case of revenue purchase and are planning to extend this to the capital procurements also. Therefore, the Committee recommend that the Government should delegate the entire processing of cases of acquisition, both in the case of revenue and capital, upto Rs. 50 crore to the Service Headquarters and Rs. 300 crore to the Raksha Mantri as per the priorities of the Services. Appropriate financial delegation should also be given to the Defence Secretary for capital acquisition.

The Committee strongly feel that the delegation of power will reduce the work load of the Ministry of Defence, allowing them more time for processing proposals of higher cost, thereby clearing the proposals of higher cost, thereby clearing the proposals well in time and bringing improvement in the utilization of allocated funds. This will also reduce the time taken on procurement and ensure time availability of the procured items.

Reply of the Government

Revised delegation of financial powers to various Indian Air Force authorities has been issued on 14.7.2006.

As per these powers, Air HQrs have been empowered with financial powers for procurement on the Revenue side as under:-

(a)	Import	Rs.20 crores
(b)	From indigenous sources	Rs.20 crores
(c)	From PSUs	Rs.30 crores
(d)	On PAC basis (all categories)	Rs.10 crores
(e)	On Single Tender basis (all categories)	Rs.2 crores

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 20 of Chapter 1)

Recommendation (Para No . 1.58)

The Committee, in their earlier reports had recommended for creation of a non–lapsable Defence Modernization Fund (DMF) to streamline the Procurement Procedure and to ensure timely availability of Funds for acquisition of Defence equipment. The Committee have been informed that utility of DMF in addressing the issue of assured availability of funds would be limited since unspent funds of DMF would not be automatically available to the Ministry of Defence for utilization in subsequent financial year and the Ministry of Defence would be required to seek approval of Ministry of Finance and Parliament for its utilization.

The Committee observes that during 2005-06, there were large number of proposals in the pipeline, but since they could not be approved in time there was large surrender of funds at the end of financial year. Had all the cases in the pipeline were cleared, the Ministry would have required additional allocation. As procurement of Defence equipment requires a long lead time ranging from two to three years, the proposals which do not fructify in a financial year, normally spill over to next financial year. Therefore, the Committee strongly recommend that the Ministry of Defence as well as Ministry of Finance must reconsider the proposal for setting up of DMF at the earliest. The Committee are of the view that if the planned and assured budgetary allocations are made known to the Services, then the capital acquisition schemes and long term plan can be drawn up within the funds available with the DMF in a systematic manner as per futuristic requirements. The Committee strongly recommend that Defence Modernization Fund (DMF) should be used only for the priority projects and not for all projects.

Reply of the Government:

The modernization of Defence Forces is an on-going process and under utilization of funds in a financial year does not result in dropping of any proposal. The process of modernization through new acquisitions, however, inherently involves long gestation periods. As intimated earlier, the creation of non-lapsable Defence Modernization Fund (DMF) has a limited utility in as much as the funds available in the DMF would not automatically be available to the Ministry of Defence for utilization in the subsequent financial year and the Ministry would be required to seek approval of the Ministry of Finance and the Parliament for its utilization. The Ministry of Finance have

also issued guidelines/instructions on 7th January, 2005(copy enclosed) whereby Reserve/Corpus Funds in Government account are created when Government has surplus funds to spare on specific objects of expenditure. However, as Government is resorting to deficit financing, creation of funds out of its revenue stream or through borrowing is considered not appropriate. Funds created out of borrowings also add to fiscal deficit and become a liability of the Government. These instructions further provide that proposals for creation of funds either out of revenue stream or out of Government borrowings will, henceforth, not be allowed. In the circumstances creation of Defence Modernization Fund may not be viable.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 23 of Chapter 1)

Recommendation (Para No. 2.21)

The Committee note that the proposal for setting up of Indian National Defence University (INDU) has been formulated and selection of site is going on. As the matter has been long delayed, the Committee desire the Ministry to taken an early decision in this regard and start functioning at the earliest. The Committee desire that they may be apprised of the progress from time to time.

Reply of the Government

The issue relating to the selection of a suitable location for establishing the Indian National Defence University (INDU) is under the active consideration of the Government. Extensive consultations on this issue are in progress, among others, with the Chiefs of Staff Committee (COSC).

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 29 of Chapter 1)

Recommendation (Para No. 3.22)

The Committee are constrained to note that DRDO has not undertaken research work on development of 155 mm SP Gun despite the Committee's recommendation in earlier report. The Committee again recommend that DRDO should initiate research work for development of 155 mm SP Gun so that the country does not depend on foreign suppliers for this crucial equipment. The Committee further recommend that while signing the contract for procurement of Gun, Transfer of Technology (ToT) should be obtained from the exporting country.

Reply of the Government

In March 1994, Army issued a GSQR No. 621 for development of **155 mm GP Gun system**. In 1996, the GSQR 621 was amended and in the amended version the barrel length was mentioned as 45/52 calibre, in addition to other aspects.

As an intermediate option, in February 1997, VCOAS requested Defence Research and Development Organisation (DRDO) to carry out feasibility on the integration **155 mm of T-6 and AS-90 turrets on the Main Battle Tank (MBT) Arjun derivative Chasis. T-6 (South Africa) and AC-90 (UK)** conform to GSQR 621. By June 1998 Combat Vehicle Research & Development Establishment (CVRDE) configured and fully prepared two prototypes Arjun derivative Chasis (PPS-1 and PPS-2) to integrate these turrets. In the summer months of 1998, the development cum user trials were done and only the T-6 turret was trial evaluated, as AS-90 did not participate. T-6 turret mounted on Arjun derivative Chassis was named as Bhim T-6. Again during 1999, extensive user trial were carried out on Bhim T-6 and the Army trial team recommended its induction. The issue of indent for production of **155 MM Bhim T-6** has got delayed due to suspension of all dealings on M/s Denel as per Government decision.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 32 of Chapter 1)

Recommendation (Para No . 3.40)

The Committee note DGQA is responsible for Quality assurance of all defence stores and equipment, both imported and indigenous for the Army, Navy(excluding naval Armaments) and common user items for the Air Force procured from all sources viz private sector, public sector undertakings and ordnance factories.

The Committee also note the shortcomings of DGQA for which it has been severely criticized by the Comptroller and Auditor General (CAG).The Committee would like the Ministry to seriously examine the CAG report and take corrective action in this regard. The Committee may be apprised of the action taken by the Government in this regard and how it proposed to restructure the DGQA in the light of the CAG report.

The Committee further note that the post of Director General(QA) has been lying vacant since 31st August, 2004 due to stay order granted by the High Court. The Committee feels that Government has not made serious efforts in this direction. Since DGQA is a key organisation headed by Director General(QA) responsible for ensuring the quality assurance of all Defence stores and equipment, the Committee desire that Ministry should clarify the position before High Court to get the stay order vacated so that post of Director General(QA) can be filled up as early as possible.

The Committee note that as per the changes made in the functioning of DGQA, the indigenisation responsibility has been transferred from DGQA to manufacturing units and service Headquarters. Also steps are being taken to progressively make the

manufacturers including DPSUs, OFs and private sector responsible for quality assurance of product manufactured by them. Inspection of input material required by manufacturing units under the department and vendor development which was earlier done by DGQA has now been transferred to manufacturing units. Only the final inspection coverage and quality outputs and surveillance has remained with DGQA.

In view of the foregoing, it is seen that there has been sharp decline in responsibilities of DGQA. Moreover, there have been complaints from the users of quality of equipment that have been certified by this organisation. In this connection, the committee had expressed serious concern over revalidating of vintage mines during operation "Prakaram' which led to large scale of casualties. The committee therefore desire that Government should seriously examine the role of DGQA with a view of disbanding the organisation. The quality assurance can be entrusted to DRDO and manufacturers. In this regard the staff of DGQA can be absorbed in other departments. This will save the country a fair amount of revenue and self certification by manufacturers will bring more accountability and responsibility in the vital area of defence preparedness.

Reply of the Government

The CAG performance audit on DGQA made a number of recommendations for aligning DGQA functioning with contemporary Quality Management Systems. The CAG Report is under examination of the Ministry and draft ATN is under process.

The post of DGQA has since been filled up with the appointment of Lt. Gen. Rakesh Puri as Director General Quality Assurance.

As noted by the Committee, the prime responsibility of DGQA is the Quality Assurance of equipment/spares procured from OFs, DPSUs, private sector and imports. Having been intimately associated with technical activities of all equipment in Indian Army, DGQA has acquired a unique experience in its multifarious role with regard to defence equipment, in the formulation of General Staff Qualitative Requirements (GSQR), in the assessment of equipment before it is inducted into Services, in providing services during entire life span of equipment and in processing all formalities/documentation for spares management.

In addition, DGQA carries out the following functions which are exclusive responsibilities and are essential for spares management, repair and overhaul of the equipment:

- Preparation and publishing of technical manuals for services.
- Preparation and publishing of DGQA Approval based on which all actions pertaining to introduction and change of status of equipment takes place. Audit authorities also take it as a financial document.
- Preparation of Assignment Lists of equipment.
- Holding of particulars and specifications of all the equipment.
- Technical evaluation of equipment being inducted indigenously or through import.
- Laboratory facilities for testing of Arms/Ammunition Equipment.
- DGQA owns a service ammunition breakdown laboratory, which is unique and only one of its kind in India. Services are also provided to other organisations on need basis.

- Defect Investigation to identity assignable causes of premature failures and implementations of corrective measures to minimize the frequency of such premature failures.

The Committee has noted that there have been complaints from the users of quality of equipment that have been certified by DGQA. The committee has expressed serious concern over revalidating of vintage mines during operation "Prakaram' which led to large scale of casualties. In this regard, it is submitted that shelf life of ammunition is based on the effect of time on various components of the system like explosive filling, metallic components and their deterioration due to various environmental factors. These may not be same for all components of the ammunition, and hence proof testing is carried out to ascertain whether the ammunition will function in the desired manner after extension of shelf life. Thus, functional efficiency and testing of the ammunition is ensured before extending its shelf life. In keeping with the prescribed guidelines for extension of shelf life, mines certified as 'Serviceable' were used during Operation PARAKARAM.

Traditionally, for strategic equipment produced by Ordnance Factories, input stage inspection was being carried out by DGQA. The responsibility has since been transferred to OFB. However, this may not be seen as a diminishing of the role of DGQA in assuring the quality of defence goods. Rather, with the transfer of input inspection to OFs and DPSUs, the focus of the role of DGQA has shifted to audit and surveillance activity. It may also be further emphasized that DGQA organisation and its working have in the recent past been the subject matter of examination by Jaffa Committee and Kelkar Committee, as also of a performance audit by CAG. In all the reports, recommendations have a common point: that is, to convert DGQA into a vibrant QA organization by adopting modern/contemporary Quality Assurance techniques. None of the reports have suggested disbanding of DGQA.

Procurement and production of defence goods necessarily entails the need to ensure that quality standards are being met by the supplier so that the interests of the State in acquisition of defence goods are not compromised. DGQA has built up a unique expertise in this field over many decades of interface with the user, the production agencies and other suppliers. With this expertise and revamping of the organization in step with the recommendations of various Committees, it is felt that the organisation will render itself comparable to contemporary quality management organizations.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 41 of Chapter 1)

Recommendation (Para No 4.11)

The Committee note that project for construction of Air Defence Ship is already behind the schedule on account of non-availability of the Special quality steel and delay in procurement of bulb bars. Since these two problems have been resolved, the Committee hope that ongoing construction of Air Defence ship and Aircraft carrier Admiral Gorshkov would be completed as per schedule without showing time and cost overrun.

Reply of the Government

The projects relating to construction of Air Defence Ship at Cochin Shipyard Limited, Cochin and Repair and Re-equipping of Aircraft carrier Admiral Gorshkov at Russia are being closely monitored by various committees including the Empowered Apex Steering Committee headed by the Defence Secretary. These committees regularly review the progress of the projects and ensure that remedial steps are taken to resolve outstanding issues. Measures to recover lost time through innovative building strategy are also being examined.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 44 of Chapter 1)

Recommendation (Para No. 4.14)

The Committee note that the Navy faces shortage of both short range as well as long range maritime surveillance aircraft. There is also shortage of Unmanned Aerial Vehicles (UAV) and Dornier Aircraft, being used by the Navy for coastal surveillance. The Committee also note that procurement of these aircraft is in the initial stage. It negates the very proposition of the Ministry that Navy has got adequate forces to meet any emergent requirement to safeguard maritime interests. The Committee feel that Navy is an equipment intensive Service and procurement of such critical equipment cannot be sidelined and therefore strongly stress that adequate attention should be given by the Ministry and required funds made available for procurement of these aircraft.

Reply of the Government

Maritime surveillance aircraft capability is being enhanced in a planned manner over the long term as mentioned in the succeeding paragraphs.

Long Range Maritime Reconnaissance (LRMR) Aircraft: Long Term Perspective Plan envisages an adequate number of LRMR Aircraft. The present holding of LRMR aircraft is 13. The long range surveillance gap is being addressed through replacement and induction of LRMR aircraft over the 10^{th} to 13^{th} Plan period.

Short Range Maritime Reconnaissance (SRMR) Aircraft: The enhancement of the short range surveillance capability is being addressed through replacement and induction of SRMR aircraft.

Unmanned Aerial Vehicle (UAV): The present holding of 12 UAVs would be further augmented by induction of indigenous long endurance UAVs. In addition, the Navy also plans to induct rotary UAVs deployable from ships.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 47 of Chapter 1)

Recommendation (Para No. 4.15)

The Committee also feel that, keeping in view the transport of petroleum products by sea from various part of the world, the Indian Navy has a major role to play in providing security along the oil routes in the subcontinent. With an eye to the present day's environment, not only for security reasons but for economic reasons also, Navy needs to be strengthened.

Reply of the Government

Navy's force levels are planned in the context of its designated roles, the security environment and threat perception. Growth plans of the Navy are therefore being formulated keeping in view its evolving responsibilities. In addition, the operational tasking of the ships includes monitoring of our Sea Lanes of Communication (SLOCs) and providing security along the oil routes.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 47 of Chapter 1)

Recommendation (Para No. 5.23)

The Committee are concerned to note that there is inadequate coverage with the existing network of radars available with Air Force, resulting in significant gaps all over the country particularly at peninsular India, thereby making it vulnerable to sudden attacks due to failure of timely detection. The Committee note that some efforts in the right direction for indigenous manufacturing of radars have been initiated by the Government. The Committee feel that radar surveillance is such an issue which can hardly be put on side track and therefore recommend that in addition to indigenous efforts for manufacturing, import options should also be taken up on priority and the Government should not hesitate to make adequate funds available for their procurement.

Reply of the Government

To provide adequate coverage of radars, following procurement cases in respect of **Low Level Transportable Radars** (LLTRs), **Medium Power Radars** (MPRs), and **Low Level Light Weight Radars** (LLLWRs) are being progressed.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 53 of Chapter 1

Recommendation (Para No. 6.14)

The Committee are further constrained to note that only 8 to 10 percent of DRDO budget is being spent on fundamental research. As recommended by the Committee in their earlier reports, the DRDO should concentrate more on fundamental research and applied research for upgradation of weapons system should be left to the concerned manufacturing units. In this connection, the Committee again emphasis that the DPSUs and OFs should have their inhouse R&D centres so that need to approach DRDO for small up gradation could be avoided and DRDO could concentrate on critical technological.

Reply of the Government

DRDO is mandated to design and develop weapons systems and platforms for the Armed Forces. The following pattern of expenditure is given for different categories of R&D activities:-

Type of Projects	X Plan (Percentage of total DRDO Budget)
Mission Mode (Deliverables to Armed Forces)	69%
Technology Demonstrators (Applied Research & Development for future technology)	16%
Science & Tech. Projects including enabling Research Infra-structure	15%

DRDO belives in utilizing the capabilities in academia/universities for supporting the DRDO's short term and long term programmes. It spends approximately 1.5% of its budget on basic research programmes in universities and is currently running 250 projects. Three centers of excellence have been established in universities and two more are envisaged in the XI Plan. Eighty five academic institutions are working on DRDO supported basic research programmes.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 56 of Chapter 1)

Recommendation (Para No. 6.15)

The Committee note with deep concern that the percentage of defence expenditure on imports which was 25.95 percent in the 7th Defence Plan, has not shown improvement even after completion of another four Defence Plan and has remained the same in the i.e. 10th Defence Plan. The Committee are further surprised to note that the Ministry has not fixed any target for self-reliance for the Eleventh and subsequent Plans. The Committee desire that strategic plan be chalked out containing targets for self-reliance for the next 12 years and assessments of achievement of the target with accountability be done year wise at the highest level.

Reply of the Government

As far as Research and Development activities in DRDO are concerned, the area of armament self-reliance has been achieved almost totally. In the area of aeronautics and avionics this is about 60 percent. It is in the area of electronics and computer related activities that self-reliance figure is still low and around 40 percent.

There is a continuous effort to achieve self-reliance in all the areas alike. Establishment of facilities like Gallenium Arsenic Enabling Technology Centre (GAETC) Hyderabad and SITAR are the effort in this direction. To give best equipments to our Armed Forces technology upgradation has to be a regular on going process and to that extent certain degree of interdependence in technology matter is likely to continue. However, DRDO is encouraging indigenous research and development activity, development of indigenous implementation of research projects and indigenous vendor development. All these effort will certainly enhance the over all self-reliance figure for the organization.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 59 of Chapter 1)

Recommendation (Para No. 8.12)

The Committee note that long standing demand of Ex-servicemen for 'One Rank One Pension' is still pending with the Government. Despite repeated recommendations of the Committee in this regard, the same has not been implemented by the Government so far. The Committee again urge the Government to implement the long awaited 'One Rank One Pension' demand of Armed Forces at the earliest.

Reply of the Government:

Ex-Servicemen have been representing for grant 'One Rank One Pension'. The matter was examined in Ministry.

The pensionary benefits of service personnel have considerably been improved after implementation of the recommendations of 5th Central Pay Commission as accepted by Government. The demand for 'One Rank One Pension' and removal of conditionality of 33 years have also been examined in detail by the Government, but while the demand for 'one rank one pension' has not been agreed to, the pensionary benefits have been further substantially improved w.e.f. 1.2.2006:-

(i) With effect from 1.1.2006, the weightage for the purpose of calculations of pension for past as well as future retirees Personnel Below Officer Rank (PBOR) of Sepoy, Naik and Havildar ranks and equivalent ranks in Navy and Air Force will be 10 years, 8 years and 6 years respectively subject to a maximum qualifying service of 30 years.

(ii) With effect from 1.1.2006, pension of pre-1.1.1996 retire PBORs would be revised with reference to the maximum pay in the revised scales of pay introduced with effect from 1.1.1996. The benefit would be given with prospective effect and no arrears will be given.

(iii) The above benefit would be only in respect of service pension including invalid pension, service element of disability pension and war injury pension.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 68 of Chapter 1

CHAPTER – V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (Para No. 3.26)

The Committee Note that there is a large requirement of Bullet Proof Jackets (BPJs) in the Army, which is very essential for saving the life of a soldier. The Committee are happy to note that the bullet-proof jacket made in India is at par with international standard and by the end of this Plan the country would have enough bullet-proof jackets for al the soldiers. The Committee not that crucial fibre used in making BPJ is being imported. Since the jackets are required in large number, the Committee desire that the Ministry should try to obtain ToT so that the production of fibre can be undertaken in the country itself.

Reply of the Government

The Ordnance Factory Board (OFB) were advised to obtain ToT so that the production of fibre, used in making Bullet Proof Jackets (BPJs), can be undertaken in the country itself. OFB have approached the Original Equipment Manufactures for ToT/Co-development/Co-production of basic fibre for hard armour plate and soft armour plate, which are the basic components of the BPJs.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 35 of Chapter 1)

Recommendation (Para No. 5.12)

The Committee note that the squadron strength of Air Force at the end of 10^{th}, 11^{th} and 12^{th} Plan period will be 29, 34 and 36 respectively. The Committee also note that the peak strength attained so far by Air Force at any point of time has been 39.5, while the ideal requirement is 44 squadrons. The Committee note that induction and phasing out of Aircraft go side by side in Air Force, however, during the upcoming period 2005-17, phasing out of several ageing Aircraft, is likely to be a major concern, thereby causing substantial depletion of squadron strength in the coming Plan periods.

The Committee also note that 140 number of Su-30 MKI and 100 LCAs are expected to be available for induction during 11^{th} and 12^{th} Plans. The Committee, however, feel that despite this, achieving the number of 44 squadrons appears to be a distant dream. Keeping in view the present pace of phasing out and induction of aircraft, the Committee strongly recommend that the Government should accord highest priority to ensure that Squadron strength at any time must not fall below 39.5 and strive to achieve ideal requirement of 44 Squadrons.

Reply of the Government

With an objective to improve the depleting squadron strength of the Indian Air Force, the Government have accorded Acceptance of Necessity (AON) for 126 **Medium Multi-role Combat Aircraft** (MMRCA) for which RFP is likely to be issued shortly. Government have also accorded Acceptance of Necessity (AON) for additional 40 SU 30 MKI Aircraft to meet immediate requirement of IAF.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 50 of Chapter 1)

Recommendation (Para No. 8.15)

The committee also recommend that other demands of Ex-servicemen viz. issues of dependent pension for unmarried daughters above 25 years of Ex-Servicemen; second employment guarantee/lateral induction into Central Para-Military Forces; disparity in the monetary award of disability pension of pre and post 1996 pensioners; anomaly in fixation of pension and insurance coverage to soldiers should be immediately looked into to provide relief to Ex-Servicemen.

Reply of the Government

The matters regarding removal of age restriction in the case of widowed/divorced daughters who are in receipt of special/liberalized family pension (dependent) and disparity in the monetary award of disability pension of pre and post 1996 pensioners are under consideration in consultation with Deptt. of Pension and Pensioner's Welfare. A Working Group examined the issue of second employment/ lateral induction of ex-servicemen in Central Paramilitary Forces but could not reach at a consensus. Army Hqrs. are now suggesting a proposal different from the first one for the consideration of the Working Group. There is no anomaly in fixation of pension and insurance coverage to soldiers.

Ministry of Defence OM No. H-11013/15/2006/D(Parl) dated 15.2.2007

Comments of the Committee

(Please see Para 71 of Chapter 1)

New Delhi
12 March, 2007
21 Phalguna, 1928 (Saka

BALASAHEB VIKHE PATIL
Chairman
Standing Committee on Defence

MINUTES OF THE TWENTY-FIRST SITTING OF THE STANDING COMMITTEE ON DEFENCE (2006-07)

The Committee sat on Monday, the 19th February, 2007 from 1500 to 1630 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Balasaheb Vikhe Patil - Chairman

MEMBERS

LOK SABHA

2. Shri Santosh Kumar Gangwar
3. Dr. H.T. Sangliana

RAJYA SABHA

4. Shri Abu Asim Azmi
5. Shri R.K. Dhawan
6. Smt. N.P. Durga
7. Shri K.B. Shanappa

SECRETARIAT

1. Shri Gopal Singh - Director
2. Shri D.R. Shekhar - Under Secretary

WITNESSES

REPRESENTATIVES OF MINISTRY OF DEFENCE

1. Shri Shekhar Dutt - Defence Secretary
2. Shri K.P. Singh - Secretary (DP)
3. Dr. M. Natarajan - SA to RM
4. Shri V.K. Misra - Secretary (Def. Fin.)
5. Shri S. Banerjee - DG (ACQ)
6. Dr. (Mrs.) Rekha Bhargava - Special Secretary (B)
7. Shri Alok Perti - JS (SY)

8.	Shri T. Ramachandru	-	JS (S)
9.	Shri Binoy Kumar	-	JS (E)
10.	Shri S.N. Mishra	-	Addl FA (M)
11.	Shri Amit Cowshish	-	Addl FA (A)
12.	Smt. Shobana Joshi ``	-	FM (LS)
13.	Maj. Gen. H.S. Sehgal	-	TM (LS)
14.	Shri K.K. Kirty	-	Dir (Acq)
15.	Shri Mukesh Sinha	-	Dir. (Fin/Budget)
16.	Shri S.K. Yagnik	-	Dir. (Proc)
17.	Smt. Namita Mehrotra	-	Dir (Vig)
18.	Lt. Col. DPK Pillay	-	PO (Def)
19.	Shri B.C. Biswas	-	Member, OFB
20.	Shri S. Mukhopadhyay	-	Member Finance, OFB
21.	Shri M. Fakruddin	-	Dir (CP&M), HAL
22.	Shri Prahlada	-	CCR & D (SI) & DS
23.	Air Mshl. A.V. Vaidya	-	Offg. CISC
24.	Air Cmde K.G. Kumar	-	DACIDS (LTP)
25.	Lt. Gen Deepak Kapoor	-	VCOAS
26.	Lt. Gen. (Dr.) DDS Sandhu	-	ADC
27.	Maj Gen A.K. Mehra	-	ADGWE
28.	Air Mshl A.K. Nagalia	-	DCAS
29.	AVM N. Vijay Kumar	-	ACAS (FP)
30.	V. Adml. Nirmal Verma	-	VCNS
31.	Rear Adml R.K. Dhowan	-	ACNS (P&P)
32.	IG SPS Basra	-	DDG CG

2. At the outset, the Hon'ble Chairman welcomed the representatives of the Ministry of Defence to the sitting of the Committee and drew their attention to Direction 58 of the Directions by the Speaker regarding maintaining confidentiality of the deliberations of the Committee and invited them to render oral evidence on the Action Taken Replies to the recommendations contained in the Sixth Report on Procurement Policy and Procedure and Eleventh Report on Demands for Grants (2006-07).

3. In regard to the Action Taken Replies to the recommendations contained in the Sixth Report, the Chairman and Members raised certain important queries viz. status of Eleventh Plan, delegation of financial powers of Raksha Mantri and the Three Service Chiefs, off-set clause, single-vendor situation and trend of incurring capital and revenue expenditure and Fast Track Procedure for acquisition etc.

4. In regard to the Action Taken Replies to the recommendations contained in the Eleventh Report, the Members raised some of the vital points viz. the implementation

status of all the recommendations of GoM Report on reforming National Security System, challenges to National Security, creation of the post of Chief of Defence Staff and the present status of the construction of Air Defenceship etc.

5. The representatives of the Ministry of Defence answered the queries of the Members one-by-one. On certain points they assured the Committee to furnish written replies later on.

The witness then withdrew.

6. A verbatim record of proceedings was kept.

The Committee then adjourned.

MINUTES OF TWENTY-SECOND SITTING OF THE STANDING COMMITTEE ON DEFENCE (2006-2007)

The Committee sat on Monday, the 12th March 2007 from 1500 to 1600 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri. Balasaheb Vikhe Patil – Chairman

Members

Lok Sabha

2. Shri. Milind Deora
3. Shri. Santosh Kumar Gangwar
4. Shri Suresh Kalmadi
5. Shri. Asaduddin Owaisi
6. Shri Rajendrasinh Ghanshyamsinh Rana (Raju Rana)
7. Dr. H.T. Sangliana

Rajya Sabha

8. Shri. Abu Asim Azmi
9. Smt. N.P. Durga
10. Shri. K.B. Shanappa

Secretariat

1.	Shri P.K. Bhandari	-	Joint Secretary
2.	Shri Gopal Singh	-	Director
3.	Shri D.R. Shekhar	-	Deputy Secretary – II
4.	Smt. J.M. Sinha	-	Under Secretary

2. At the outset, Hon'ble Chairman welcomed the members to the sitting of the Committee. The Committee than took up for consideration the draft Action Taken Report on the recommendations/observations contained in the Eleventh Report of the Committee (14th Lok Sabha) on Demands for Grants of the Ministry of Defence for the year 2007-08. The Committee after some deliberation adopted the draft Action Taken Report with some additions/modifications.

3. The Committee then authorised the Hon'ble Chairman to finalise the reports and present the same to both the Houses of Parliament.

The Committee then adjourned.

APPENDIX

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE 11th REPORT OF THE STANDING COMMITTEE ON DEFENCE (FOURTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2006-07) OF THE MINISTRY OF DEFENCE

			Percentage of Total
(i)	Total number of recommendations	55	
(ii)	Recommendations/Observations which have been accepted by the Government:; (Para No. 1.3, 1.5, 1.6, 1.22, 1.30, 1.51, 1.64, 2.7, 2.13, 3.14, 3.17, 3.21, 3.28, 4.23, 5.13, 5.22, 5.34, 5.35, 5.41, 5.46, 6.13, 6.16, 7.7, 7.10, 7.15, 7.17, 7.20, 8.14, 8.16 and 9.4)	30	55%
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of Government replies (Para No. 2.19, 4.5, 4.10 & 4.12. 5.23, 5.38, 5.49, 8.11, 8.13 and 10.7)	9	16.36%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee: (Para No. 1.4, 1.43, 1.55, 1.58, 2.21, 3.22, 3.40, 4.11, 4.14 & 4.15, 5.23, 6.14, 6.15 and 8.12)	13	23.64%
(v)	Recommendations/Observations in respect of which final replies of Government are still awaited: (Para No. 3.26, 5.12 and 8.15)	3	5.45%